



# Economic Intelligence Weekly Review

3 November 1977

**Secret**

*ER EIW 77-044*

*Copy* **Nº** 565

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### COMMON FUND NEGOTIATIONS HEAT UP

The developed and developing countries are coming into the second round of the UN Conference on Trade and Development (UNCTAD) common fund negotiations in Geneva, 7 November - 2 December, with very different proposals.

The position of the Group of 77 (the LDC caucus known as the G-77) continues to be a mosaic designed to meet diverse national needs. It reflects the extensive logrolling required to achieve consensus among some 115 LDCs. In contrast, the developed countries' common fund proposal is more sharply defined and technically specific. This proposal tackles commodity price instability but does not address other major issues in the LDC proposals.

Agreement on any specific package at the upcoming meetings is highly unlikely; the two sides may simply talk past each other. We cannot rule out the possibility of confrontation and breakdown of negotiations even though the current LDC leadership is under considerable pressure to show progress.

#### LDC Perspective

LDC proposals on international support for commodity prices date back at least to the 1955 Bandung Conference. This meeting, which spawned the Non-Aligned movement, drew together Asian and African leaders in a call for international action to stabilize both prices and demand for primary commodities through bilateral and multilateral arrangements. This issue has been pursued over the years with varying interest and embellished from time to time with specious arguments about secularly declining terms of trade for LDCs and the need for commodity price indexation.

For the last several years, the common fund has been the keystone of LDC demands for change in the "rules" of international commodity trade. The G-77 believes such a fund could bolster LDC commodity export prices and enhance prospects for additional international commodity agreements. Moreover, it would meet their demands for greater political control of the international economy. Widespread support for the common fund among the LDCs makes this issue a

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touchstone of industrial country response to Third World concerns. Accordingly, the London summit statement in May 1977 that there should be a common fund and subsequent agreement on this proposition with the developing countries at the Conference on International Economic Cooperation (CIEC) ministerial meeting in June were viewed by the LDCs as steps in the right direction. They were not, however, considered very big steps.

## LDC Proposals

A G-77 draft position paper for a common fund was assembled by a working group and sent to the 115 individual countries for review over the summer. This cumbersome process resulted in a piece that, for all its vagueness on key technical aspects, is quite clear on certain long-held G-77 views. The paper calls for the creation of a common fund that:

- Stands as an independent financial institution.
- Finances buffer stocks under existing international commodity agreements and encourages new agreements (the so-called first window).
- Finances resource-development projects and other measures for the LDCs that are related to commodities (the second window).
- Is controlled through some voting formula that guarantees an LDC share of at least 51 percent.

The LDC draft has been the subject of controversy within the G-77 and will continue to be debated until the meetings open. Major changes are unlikely at this late date, the more so because they must be filtered through an elaborate caucus system.

Despite attempts to create an image of LDC unity behind the G-77 proposals, the 115 LDCs have differing views about which facets of the draft proposals are important. In any event, five elements seem to be central to LDC behavior in the impending negotiations—political power, LDC unity, independent financing of the fund, price stabilization, and the second window. LDC reaction to the developed country proposals will largely depend on how individual countries line up on these elements and how they chose to act within G-77 caucuses in responding to the developed country proposals.

**Political Power.** From its inception, the common fund has been viewed by many LDCs as a political issue—a part of the struggle for control of international institutions. For those LDCs that exercise leadership in the Third World—Venezuela, Indonesia, Algeria, Yugoslavia, and Nigeria, for example—establishment of the

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common fund is an important symbol of an increased global role for the Third World, irrespective of whether the fund makes economic sense or specifically aids them.

**LDC Unity.** A strong predisposition exists within the G-77 not to buck group unity, which is viewed as having political value transcending the negotiating issues. Indeed, some LDCs—Brazil is a good example—have been known to tacitly support G-77 arguments inimical to their own interests so long as they feel they can rely on the United States and other developed countries to reject the group position. Key G-77 members such as India, Brazil, Venezuela, Mexico, and Yugoslavia are adept at pushing their own interests in meetings; once a compromise is reached, however, even they consider it prudent to support agreed positions or be quiet. The wide adherence to group unity poses a major problem for developed country negotiators in Geneva. It compounds the difficulty of dealing with the single representative who speaks for the LDCs at plenary sessions and means that getting G-77 agreement to changes is difficult and time consuming. The requirement for group unity also inhibits LDCs sympathetic to industrial countries' proposals from speaking out in their various closed caucuses.

**Independent Financing.** The LDC position paper calls for prior, independent financing of the common fund through government contributions as opposed to funding from the resources of individual international commodity agreements. The LDCs take this position because:

- Resources in an independent common fund could be used to spur the establishment of new international commodity agreements. Producers and consumers of a commodity would not have to agree on respective shares of buffer stock financing.
- Independent funding could allow the common fund to finance projects such as commodity export diversification in individual countries through a second window.
- An independently financed common fund could be controlled by LDCs (assuming developed country acquiescence on voting rights), thereby fulfilling the LDC desire for at least one international institution of their own.
- Many Third World countries probably hope that an independent common fund run by the LDCs will somehow be able to jack up their export prices.

Because the independent financing concept is a means to several objectives, most LDCs support it. Notable exceptions are certain Latin American and Middle

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Eastern countries—Brazil, Argentina, Saudi Arabia, and Iran—that feel they stand to lose more than they would gain from a common fund.

**Price Stabilization.** Commodity price stabilization—at the heart of any common fund design—draws support from the great majority of LDCs. Some advocates in developing *and* developed countries have argued that price stabilization yields net benefits to both producers and consumers. This argument is particularly attractive to the many LDCs that rely heavily on commodity exports to support national development projects and maintain domestic incomes; this is especially so with countries that have experienced roller-coaster changes in their commodity export prices in the recent past. These LDCs view price stabilization as an effort to reduce the uncertainty of future earnings, even when they realize that it might reduce total earnings over the long term. Thus, such comparative moderates in the North-South dialogue as Thailand, Malaysia, Indonesia, the Philippines, and Zaire support the stabilization feature of the common fund argument. Most other activists on this point are only interested in “stabilization” in so far as it opens the door to steadily higher prices.

**Second Window.** From the beginning, LDC proposals for a common fund have included provisos that the fund should be able to take measures in addition to price stabilization to help alleviate commodity problems. This objective is embodied in the second window proposals. Several African and South Asian countries believe it unlikely that the commodities they export will be involved in agreements with international buffer stocks. Accordingly, these countries want to insure that, if a common fund is created with independent financing, they will get their share of the pie. They want the second window to be able to finance—among other things—export diversification, infrastructure improvements, market promotion, research and development, and compensatory finance. In short, they want a second window that one UNCTAD official privately labeled “a bottomless pit”.

#### Developed Country Views

The developed countries will contend that a common fund should be built around the pooling of financial resources of individual international commodity agreements. This pooling proposal meets some LDC desires for commodity price stabilization by:

- Encouraging the establishment under existing commodity agreements of buffer stocks.
- Drawing on the expertise in the commodity groups to estimate financial requirements from the fund.

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- Taking advantage of savings that would occur when the peak needs of each commodity do not coincide.

At the same time, the pooling proposal meets developed country concerns by:

- Strictly limiting the amount of financial support that an individual commodity agreement could receive.
- Allowing each commodity agreement to operate independently.
- Avoiding the creation of a new international development institution through the second window proposal.

On the eve of the meetings, the developed countries are edgy about prospects for progress but are considerably more unified than in the past. For the moment, the Germans seem to have conquered their qualms about going too far. The North-South liberals—the Dutch, the Scandinavians, and some policymakers in the United Kingdom—feel that the developed countries could have been bolder and will need to offer more to sustain negotiations. The United States, stuck with the chore of negotiating a group position, is reasonably confident that it can keep developed country unity long enough to initiate constructive discussion with the LDCs.

**Mixed LDC Reaction Likely**

There is no developed country proposal that would be acceptable to all members of the G-77. Indeed, even complete acceptance of the G-77 position would not be viewed by many LDCs as a wholly favorable turn of events because of individual differences on what is important in their collective position.

In any event, the proposals of the developed countries at the November negotiations will elicit a varied LDC response:

- Serious inquiry and perhaps even encouragement by LDCs such as Malaysia, Indonesia, the Philippines, and Zaire that place a high priority on price stabilization.
- Expressions of disapproval from African and South Asian LDCs, particularly India and Pakistan, that want the second window.
- Relief from those Latin American and Middle Eastern countries that are wary about the effect of LDC proposals on the international economy and their own financial positions.

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- An ambivalent reaction from countries that seek an increased global role for the Third World; moderates may play up the responsiveness of the developed countries' proposal; radicals probably will lambast the developed countries for a lack of political will and insensitivity to LDC needs and their refusal to live up to earlier pledges on the common fund.

**Future Developments**

The G-77 is unlikely to be enthusiastic about developed countries' proposals on the common fund because they fall so far short of LDC demands for independent financing, the second window, and assured LDC control of the new institution. The real question is whether the moderates in the G-77, particularly those who favor price stabilization measures, can wield enough influence to gain acceptance of the developed country proposals as the basis for future negotiations. They will be hobbled in this by the complications of dealing in three regional LDC caucuses and through the single designated LDC spokesman. In any event, common fund discussions are likely to be a continuing source of tension both within the G-77 and between North and South. (Secret Noform-Nocontract)

\* \* \* \* \*

**US PRICE COMPETITIVENESS STRENGTHENS AGAINST  
JAPAN AND WESTERN EUROPE**

US price competitiveness in manufactures has strengthened vis-a-vis Japan and most major West European countries in the last 12 months mainly as a result of the appreciation of foreign currencies against the dollar. The impact of the changed price relationships has begun to be reflected in the relative volume of the exports of the United States and its major competitors. The slippage in the US shares of major foreign markets (in constant dollars), evident through most of 1976, was being gradually reversed by first half 1977. The appreciation of major foreign currencies against the dollar in the past 90 days will place US exports, at least temporarily, in an even more favorable competitive position.

Despite these US competitive gains, pressure against the dollar continues. Much of this pressure reflects concern over the record 1977 US trade deficit, which results from factors other than US competitiveness in manufactures, such as (a) higher imports of oil, (b) the slow growth of many foreign economies in which the United States has a major market share, and (c) the steeper price trend for US imports compared with US exports.

**Establishment of New Currency Regime in 1970-73**

The massive realignment of currencies between first quarter 1970 and March 1973 strengthened the US price competitiveness in international markets by nearly

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20 percent as measured by the price-adjusted exchange rate (PAER).<sup>\*</sup> This change indicates both the impact of exchange rate changes and the difference in wholesale price trends (manufactures) among major developed countries. By comparison, Japan's price competitiveness declined 20 percent, while the losses of France, West Germany, and Canada ranged from 7 percent to 10 percent. Only the UK and Italy among the major countries joined the United States in improving their price competitiveness in international markets.

The currency realignment was undertaken in an effort to overcome the distortions that had accumulated during the long period of the fixed exchange rate system and was intended to prevent the necessity for such major one-time changes. Within a few weeks, maintenance of the new official rates was abandoned by most major countries and a new "managed" floating exchange rate system was established. The new system was soon tested by the severe shock caused by the massive 1973/74 OPEC price hikes; it met the test successfully. Exchange rates changes compensated for large differences in inflation rates. As a result, the 1976 PAER indexes for most major developed countries were near the March 1973 level (plus or minus 5 percent). The major exception was Japan, whose price competitiveness measured by the PAER improved by 8 percent, the combined result of depreciation of the yen against major currencies and a relatively low domestic inflation rate.

Big Seven: Change in Price-Adjusted Exchange Rate  
(1st Quarter 1970 to March 1973)

	Percent
United States .....	19
Japan .....	-20
West Germany .....	-7
France .....	-10
United Kingdom .....	6
Italy .....	10
Canada .....	-10

### Recent Trends

The appreciation of the yen in the last 12 months has brought the *Japanese* PAER back to the March 1973 level. The Japanese PAER reached 99 percent of that benchmark level by August 1977 and 102 percent as of 17 October<sup>\*\*</sup> as the yen

<sup>\*</sup>This analysis is based on trends in the PAER index, which measures trends in domestic wholesale prices in 17 major countries (including South Africa) and adjusts these domestic price movements for exchange rate changes. If, for example, prices in one country rise 10 percent more than in competitor countries while its exchange rate declines by 15 percent, the country's competitive position would be improved, that is, its PAER index would move down by approximately 5 percent. Although we consider the PAER to be the best overall indicator of trends in competitiveness, it may not take account of factors such as relative profit trends.

<sup>\*\*</sup>Wholesale price trends for October and in many cases September are projected based on the most recent two months data available. PAER values based on estimated price indexes usually diverge little from later revisions.

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Major Developed Countries: Price-Adjusted Exchange Rate <sup>1</sup>

	March 1973=100					
	1974	1975	1976	1st Half 1977	3d Qtr 1977	17 October 1977 <sup>2</sup>
Big Seven						
United States .....	98.6	102.6	104.4	104.0	104.6	104.4
Japan .....	99.2	90.9	92.2	95.8	97.5	102.4
West Germany .....	100.8	97.3	97.9	99.2	99.8	100.5
France .....	91.5	101.0	96.9	91.2	92.3	92.1
United Kingdom .....	97.6	103.1	95.7	97.5	100.4	103.2
Italy .....	111.2	105.8	101.6	103.6	102.7	102.5
Canada .....	103.9	98.3	103.2	100.1	96.7	93.0
Netherlands .....	99.2	101.3	102.7	105.7	106.3	106.5
Belgium .....	99.4	93.9	95.5	98.1	97.5	97.3
Switzerland .....	102.1	104.5	107.8	99.1	98.9	103.6
Sweden .....	104.3	105.8	107.2	107.7	104.9	97.2
Norway .....	104.0	107.0	109.3	110.7	110.8	108.9
Denmark .....	97.7	99.2	101.4	100.2	98.2	96.5
Austria .....	100.9	103.4	104.7	108.9	106.8	106.0
Australia .....	101.9	98.5	98.0	88.3	84.3	85.9
Spain .....	101.1	102.2	99.6	104.5	97.5	89.8

<sup>1</sup> An increase in the PAER index indicates a decline in price competitiveness.

<sup>2</sup> Price indexes for October are estimated.

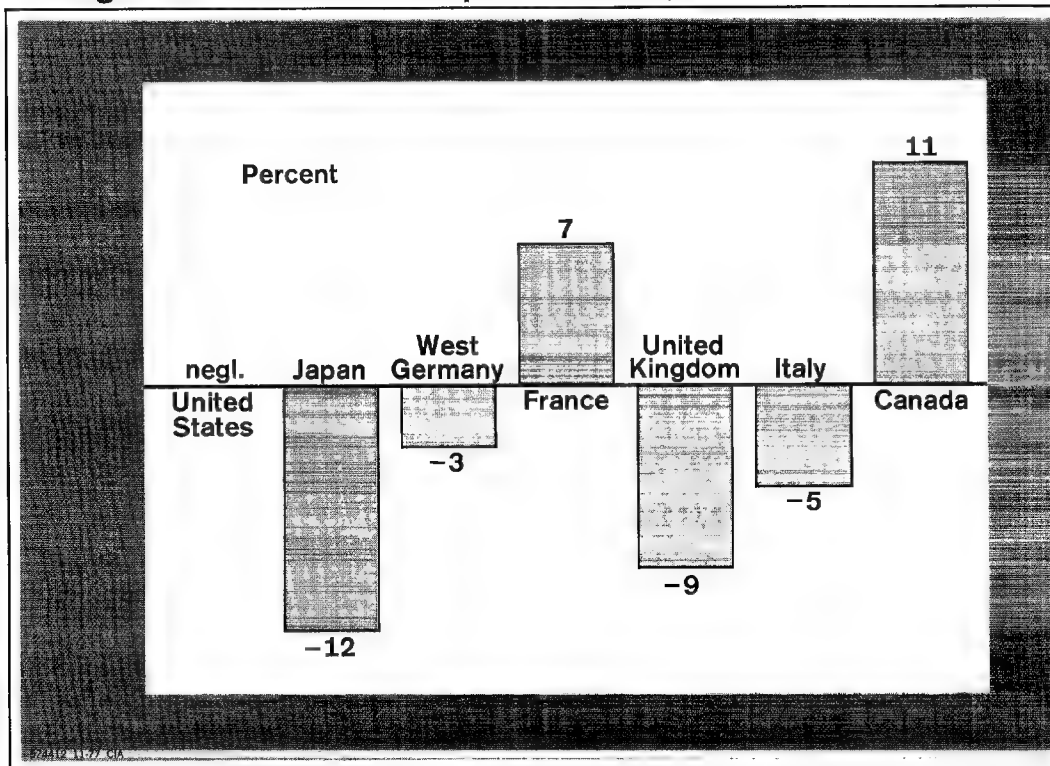
appreciated 15 percent since second quarter 1976. As a result, the dollar wholesale prices of goods manufactured in Japan rose 16 percent in the past 12 months compared with 7 percent for US manufactures.

The *UK* has lost the price competitiveness gained in 1976 when sterling fell sharply. The British PAER rose by 15 percent between the last quarter 1976 to 17 October 1977 because of (a) the continuation of a relatively high domestic inflation, and (b) the strengthening of the pound as North Sea oil has mounted in volume.

*Canada* and *France* have been the largest gainers among major countries in price competitiveness in the last 16 months. The Canadian dollar's 9-percent depreciation helped to bring down the PAER from 104 percent of the March 1973 level in second quarter 1976 to 93 percent as of 17 October. The Canadian dollar has been pushed down by a combination of (a) political uncertainties, notably the Quebec separatist movement and interprovincial squabbling over energy; (b) narrowing interest rate differentials, which discouraged capital flows into Canada; and (c) the generally bleak prospects for the domestic economy. The downward movement of the Canadian dollar has exceeded what would be expected by looking at relative inflation differentials. The depreciation of the franc has kept French price competitiveness from mid-1976 through the present period at below the March 1973 level.

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**Big Seven Countries:  
Change in Overall Price Competitiveness (1976 II-17 Oct 1977)**



As a result of low internal inflation rates, the *West German* and *Swiss* PAER remained near the 1973 level through 1977 despite the considerable appreciation of their currencies.

The stability of the aggregate *US* PAER in the last year masked significant changes in US price competitiveness among its largest trading partners. Against Canada, the US bilateral price competitiveness fell 10 percent from second quarter 1976 to October 1977, while compared with Japan, the US gained 11 percent. The fall with respect to Canada did little to hurt the US trade position in manufactures because (a) Canadian manufactures are only a small factor in international markets, and (b) much of US-Canadian trade is intrafirm. Substantial gains also occurred in the US price competitiveness vis-a-vis West German, British, and Italian manufactures as shown in the tabulation.

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US Bilateral Dollar-Based Price Competitiveness from Second Quarter  
1976 to 17 October 1977

		Percent Change	
Canada	-10	West Germany	7
Japan	11	Italy	8
France	-3	United Kingdom	11

After the currency adjustments through mid-October are taken into account, the price index of US wholesale prices for manufactures based on March 1973 just about equaled the dollar-based index for Japan, West Germany, the UK, and Italy. French and Canadian prices were about 10 percent below the comparable US price index.

Among other developed countries, *Australia*, *Denmark*, and *Sweden* have maintained their price competitiveness in manufactures through large and sometimes repetitive currency devaluations. Despite the concern that these are competitive devaluations, the evidence indicates that they occurred only after relatively high rates of domestic inflation had begun to price goods out of international markets.

The *Netherlands*, *Norway*, and *Austria* appear to be losing ground in the battle to remain price competitive. Their currencies are tied to the value of the West

Major Developed Countries: Wholesale Price Indexes for Manufactures Measured in US  
Dollars

	March 1973 = 100					
	1974	1975	1976	1st Half 1977	3d Qtr 1977	17 October 1977
Big Seven						
United States .....	124.9	139.3	147.9	155.7	159.8	160.5
Japan .....	124.2	125.8	132.0	143.9	150.8	158.9
West Germany .....	125.1	136.5	138.1	150.0	156.2	158.0
France .....	115.3	140.2	135.4	138.1	144.3	145.6
United Kingdom .....	122.2	143.7	136.0	148.0	158.3	161.6
Italy .....	136.6	146.8	142.1	154.1	157.5	159.7
Canada .....	129.5	136.4	150.1	153.9	152.3	148.6
Netherlands .....	123.1	139.7	142.9	157.9	164.4	166.2
Belgium .....	122.2	131.1	133.5	146.6	151.4	152.6
Switzerland .....	126.8	146.1	149.1	148.3	155.4	162.2
Sweden .....	130.0	148.7	151.7	163.7	162.1	154.5
Norway .....	130.4	150.7	155.9	168.6	172.2	170.7
Denmark .....	122.8	140.7	144.7	163.3	155.7	153.2
Austria .....	127.0	144.5	147.2	163.8	169.9	167.8
Australia .....	125.8	133.7	136.5	130.2	127.8	133.6
Spain .....	125.4	142.7	140.4	156.7	166.4	141.4

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German mark and, because their inflation has outpaced inflation in the FRG, they have lost their price edge as the mark climbed in value. In the Netherlands and Norway, an energy bonanza has kept foreign payments reasonably sound despite a loss of price competitiveness in manufactures.

### Price Movements and Trade

The US competitiveness in international markets vis-a-vis the Japanese began to improve even before the sharp depreciation of the US dollar in the past 90 days. Last year Japan, partly because it benefited from relatively low dollar prices on its exports in 1975 and early 1976, was able to increase sharply its share (in constant dollar terms) in nearly all markets. By contrast, since the beginning of this year, partly as a result of yen appreciation in 1976, the Japanese share of the industrial country and LDC markets has declined slightly, although remaining high compared with the early 1970s. The United States meanwhile has increased or maintained its market position in most major countries after losing badly to the Japanese in 1976.

Foreign currencies, notably the yen, nonetheless have continued to appreciate substantially against the dollar in a few months. This development in part reflects a highly visible, large jump in the US trade deficit that resulted mainly from factors other than reduced US competitiveness in manufactures: (a) the large increase in US oil imports, from \$34 billion in 1976 to an annual rate of \$45 billion in the first eight months of 1977; (b) the slow growth in foreign markets of importance to the United States, both in key industrial countries where the recovery has been slow and in LDCs that are major US customers; and (c) the faster rise of import prices compared with export prices due to constrained supply conditions in some import commodities, such as coffee.

In the same vein, the large appreciation of the yen reflects the acute awareness in exchange markets of the burgeoning Japanese trade surplus (in dollar terms), which in turn was caused by factors other than a major expansion of Japanese export volume. These other influences include higher dollar prices for Japanese exports as a result of the yen appreciation and informal Japanese trade barriers which have effectively held down imports of foreign manufactures.

The most recent currency adjustments can be expected to further strengthen the competitiveness of US exports. It could take at least several months before the benefits of this improved position will have a significant impact on exports. Meanwhile, increased import prices will reduce the likelihood of any sharp decline in the sizable US trade deficit and may push up the domestic inflation rate slightly. (Unclassified)

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**WORLD COARSE GRAINS: RECORD OUTPUT,  
LOWER IMPORT DEMAND**

We estimate that world coarse grain\* production and stocks will reach record levels in 1977/78. World import demand for coarse grains will be lowered by increased feeding of wheat.

US production is forecast by the US Department of Agriculture (USDA) to set a new high; exports during 1977/78 are expected to drop. Although domestic consumption will increase sharply over last year, US stocks in 1977/78, therefore, will reach their highest level in five years. The final outcome of Southern Hemisphere crops and the size of Soviet grain purchases are the principal uncertainties.

**Record World Production**

We agree with the USDA estimate that world production of coarse grains in the 1977/78 crop year will approach a record 700 million tons, about 10 million tons larger than in 1976/77. The Food and Agriculture Organization (FAO) forecast of 1977 production—on a calendar rather than crop year basis—is 726 million tons. Excessive summer rains, which decreased both production and quality of wheat over widespread areas, benefited most coarse grain crops, especially corn. We estimate that 1977/78 world corn production will set a new record.

The largest increase in coarse grains is estimated for Western Europe—27 percent over the drought-reduced 1976/77 crop. The EC expects a record barley harvest, and corn production will be up more than 4 million tons. In Eastern Europe

**World Corn Production**

	Million Tons		
	1975/76	1976/77 <sup>1</sup>	1977/78 <sup>2</sup>
<b>Total</b> .....	<b>321.8</b>	<b>344.8</b>	<b>345.7</b>
Argentina .....	5.9	8.8	7.8
South Africa .....	7.3	9.5	9.0
Brazil .....	17.9	18.7	17.8
Thailand .....	3.0	2.7	1.8
European Community .....	14.1	11.0	15.2
Eastern Europe .....	29.9	28.4	30.2
United States .....	146.5	157.9	160.1
Other .....	97.2	107.8	103.8

<sup>1</sup> Preliminary.

<sup>2</sup> Projected.

\*Includes corn, sorghum, barley, oats, millet, rye, and miscellaneous grains.

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corn production should rise 6 percent. Thailand's 1977/78 corn harvest is down almost 1 million tons because of drought.

Argentina, Brazil, and South Africa all will have smaller 1977/78 corn harvests than last year's excellent crops. Less favorable growing weather is largely responsible. A cut in hectareage also will affect output in Brazil.

Production of coarse grains in the Soviet Union is estimated to be about 95 million tons in 1977/78 compared with 116.2 million tons a year ago.

Argentine sorghum production is forecast to reach 6.5 million tons, about 5 percent above 1976/77. Due to an extended drought, Australia's barley harvest is forecast at 2.4 million tons, down 14 percent. On the strength of expanded area and above-average yields, Canadian barley production in 1977/78 is projected at 10.8 million tons, 3 percent above last year.

### Use Up Due to Greater Feeding

World consumption of coarse grains in 1977/78 is forecast at a record 677 million tons, up 9 million tons because of higher livestock feeding.

EC feeding of coarse grains is expected to drop slightly in 1977/78 due to a 7-percent greater feed use of wheat. Other West European countries will boost feeding of coarse grains by 1.3 million tons, to 27.2 million tons. East European feeding of coarse grains is expected to show a slight gain in 1977/78; Soviet feeding will be down, as imports will not offset the production shortfall. Increased feeding of wheat in the USSR, however, is expected to more than offset the cut in coarse grains. The three major Asian import markets—Japan, Taiwan, and South Korea—will increase their usage of coarse grains by an estimated 6 percent over last year. The USDA projects US feed use of coarse grains at 119.7 million tons, 7 percent above 1976/77.

### Import Demand Down

We forecast world import demand for coarse grains in the marketing year ending 30 June 1978 (MY 1978) at 80 million tons, down 2.5 million tons but still the second-highest on record. The latest USDA and FAO estimates put world import demand at 77.8 million and 67.0 million tons, respectively. For corn, the most important coarse grain, we forecast world import demand at 54.3 million tons, only slightly below MY 1977.

EC corn imports in MY 1978 are expected to drop 28 percent, to 13.6 million tons. This reduction reflects the higher output of coarse grains and forage and the large amount of feed-quality wheat available from this summer's harvest. Elsewhere

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in Western Europe, higher feeding requirements in Spain and Portugal and lower barley production in Greece are expected to push up MY 1978 demand for imported corn by an aggregate 1 million tons.

East European imports of corn in MY 1978 are expected to reach 5.1 million tons, somewhat larger than last year. A sharp increase in Polish imports, due to weather-related losses, will more than offset lower Czechoslovakian imports. East German corn imports should remain the same at about 2.3 million tons.

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████████████████████ we estimate that the USSR will import 8.9 million tons of corn (largely US origin) in MY 1978, a 78-percent hike over MY 1977. We attribute the increase to continued Soviet efforts to improve livestock, reduced coarse grain production, and attractive world corn prices.

We expect Asian coarse grain import demand, including corn, to continue to grow. The US share of this market in MY 1978 will increase because of a shortfall in Thailand's exportable supplies. Japan, South Korea, and Taiwan, with their expanding livestock industries, will increase their MY 1978 corn imports by 500,000 tons to 12.5 million tons.

World Corn Trade <sup>1</sup>

	Million Tons		
	1976	1977 <sup>2</sup>	1978 <sup>3</sup>
<i>Imports</i>			
<b>Total</b> .....	<b>53.1</b>	<b>54.4</b>	<b>54.3</b>
European Community <sup>4</sup> .....	14.5	18.9	13.6
Other Western Europe .....	5.6	6.7	7.4
Eastern Europe .....	4.7	4.8	5.1
USSR .....	11.7	5.0	8.9
Western Hemisphere.....	3.3	3.4	3.2
Asia .....	12.2	14.3	14.7
Africa .....	1.1	1.3	1.4
<i>Exports</i>			
<b>Total</b> .....	<b>53.1</b>	<b>54.4</b>	<b>54.3</b>
Argentina .....	2.6	4.4	4.4
Brazil .....	1.4	1.2	1.3
South Africa .....	3.2	1.5	3.1
Thailand .....	2.3	2.0	0.9
Eastern Europe .....	2.0	1.3	1.3
United States .....	39.5	42.6	41.9
Other .....	2.1	1.4	1.4

<sup>1</sup> Data are for marketing year ending 30 June of stated year.

<sup>2</sup> Preliminary.

<sup>3</sup> Projected.

<sup>4</sup> Excluding intra-EC trade.

## SECRET

**World Exportable Supplies and Stocks Up**

World export supplies are more than adequate to meet import needs in MY 1978. Increased supplies in North America, the EC, and South Africa will more than offset a drop of 1.1 million tons in Thailand's exportable supplies of corn. Due to limited storage facilities, each of the leading Southern Hemisphere corn exporters will continue to maximize exports.

Argentine corn exports in MY 1978 are estimated to be about equal to MY 1977 exports; Brazil's are to be up slightly. In South Africa MY 1978 corn exports should more than double due to larger supplies and an increased Asian market demand attributable to Thailand's shortfall. These estimates of corn exports by the three major Southern Hemisphere shippers represent maximum availabilities and minimum stock levels. Planting is still in progress, and production estimates are preliminary. Since stock levels are at a minimum, any decreases in production would result in corresponding revisions in export estimates.

Thailand's corn exports in MY 1978 are estimated at only 900,000 tons; in view of already low stocks, this too is a maximum availability. The Thais have recently been forced to halve contracted exports to Japan and Taiwan for MY 1978.

The EC's improved harvest will allow an increase in intra-EC coarse grain trade as well as in exports to third countries. Most of the corn shipments will remain within the EC with shipments to third countries reaching only about 500,000 tons. East European corn exports in MY 1978 will differ little from a year ago.

Exports of Australian barley and sorghum as well as Argentine sorghum are estimated to be near maximum levels; stocks will remain low. In the case of Canadian barley, even with an estimated MY 1978 export of 3.9 million tons, ending stocks are forecast at a high 3.8 million tons. Although a large share of these stocks would be available for export, port capacity is insufficient to move much more barley.

We estimate that 1977/78 world coarse grain stocks will reach a record 83.3 million tons, up 11.6 million tons or 16 percent from the previous year. By far the bulk of the increase will consist of US corn and, to a lesser extent, EC barley. The 1977/78 ending stocks of all coarse grains outside the United States will be only 2 percent larger than last year, or a total of about 42.5 million tons.

**Demand for US Corn Down, Stocks Up**

We estimate foreign demand for US corn in MY 1978 at 41.9 million tons, 700,000 tons below MY 1977 and 2.5 million tons above the midpoint of the USDA forecast. Our higher estimate of Soviet imports of US corn accounts for most of the

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difference. Since the United States is the only exporter with large supplies and shipping capability, foreign demand for US corn would become even greater if Moscow stepped up orders.

The USDA estimates US corn exports for the US crop year ending 30 September 1978 will be from 35.6 million to 43.2 million tons. The midpoint of 39.4 million tons compares with our estimate—adjusted to the same October-September year—of 41.6 million tons. The USDA forecasts stocks on 30 September 1978 will be 25.5 million to 40.7 million tons, with a midpoint of 33.1 million tons. Our corresponding US stock estimate is 30.9 million tons. Using this latter figure, stocks on 30 September 1978 will be 8.6 million tons larger than a year earlier and more than three times the size of carryover stocks two years earlier.

Uncertainties that could tighten the market:

- Our forecasts of Southern Hemisphere production and exports could prove optimistic due to continued unfavorable growing conditions.
- Current speculation of a 10-percent acreage set-aside of US feed grains and the use of the Long Term Reserve program in the US could prove to be low.
- Soviet MY 1978 grain imports could be larger than now forecast.
- A downturn could occur in the currently favorable prospects for Northern Hemisphere winter grains. (Confidential Noform)

\* \* \* \* \*

### INDIA: FOODGRAIN OVERHANG

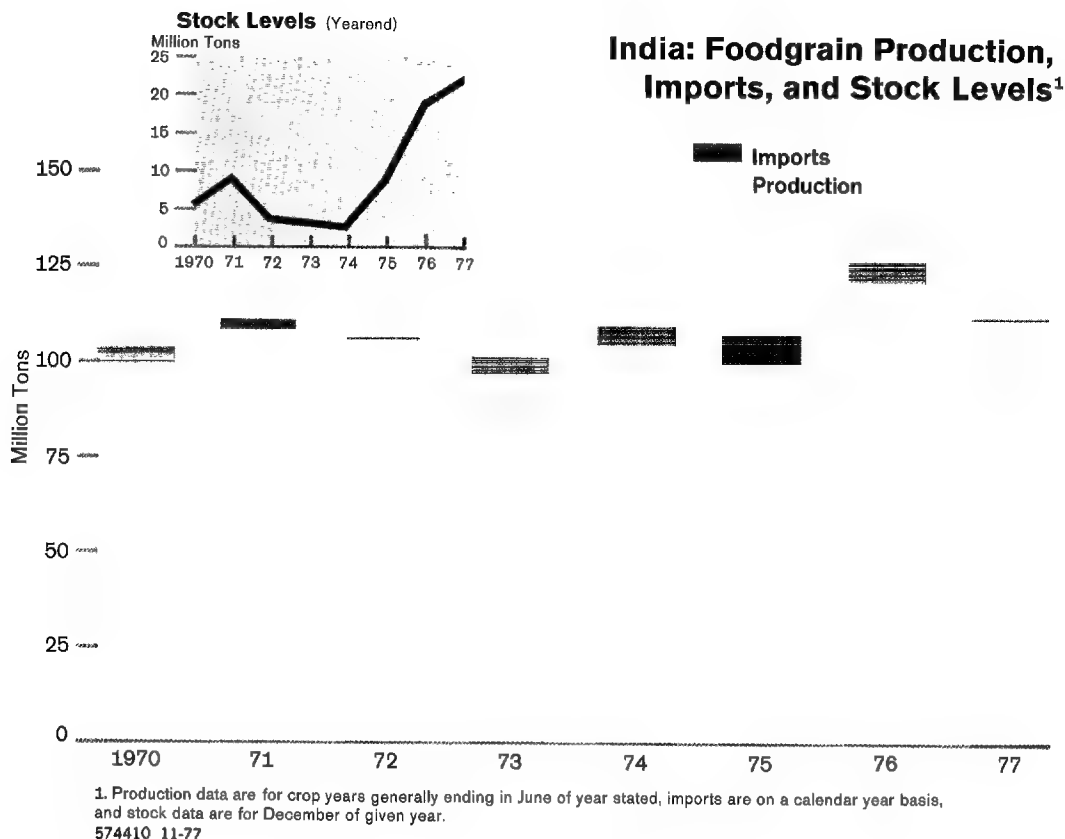
India faces a short-term grain glut even though the critical long-term problem remains the feeding of a rapidly growing population.

Two above-average crop years (1975/76 and 1976/77), together with high imports, pushed government grain stocks to a record 20 million tons as of September 1977. Because government storage facilities cannot properly handle this volume, large amounts are subject to spoilage. The problem will intensify through the current crop year, with record harvests again in prospect. The bulging stocks give New Delhi a cushion against at least one bad crop.

#### Fluctuations in Production and Stockpiles

During the 1960s India found itself chronically short of foodgrains, with annual imports amounting to roughly 6 million tons and government-owned carry-

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over stocks to only 1 million to 3 million tons. Grain output climbed rapidly in the late 1960s and early 1970s because of good weather, increased use of fertilizer, and the introduction of high-yielding wheat seeds (HYV). As a result, imports dropped to a mere 445,000 tons by 1972. Government buffer stocks reached 8 million tons at yearend 1971 and production hit a new high of 108 million tons in the 1970/71 crop year. The stockpile dwindled thereafter as insufficient rainfall from 1973 through 1975 caused production to plummet. In addition, New Delhi was forced to boost imports during a period of unusually high world prices.

By yearend 1974 government carryover stocks had dropped to 2.5 million tons. At that time, the then Prime Minister Indira Gandhi sought to build a buffer against at least one poor crop. A bumper 121-million-ton crop in 1975/76—up from 100 million in 1974/75—facilitated government efforts to buy grain on the domestic market. Imports also were stepped up, further adding to the stockpile. Although new import orders were stopped in July 1976, deliveries on previous contracts

3 November 1977

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## SECRET

continued into early 1977. Imports in 1975-76 totaled 14 million tons, the highest two-year level since the famine years of 1966-67. These imports roughly coincided with the two exceptionally good harvests of 1975/76 and 1976/77, with the result that government grain inventories mounted rapidly to 20 million tons by September 1977.

**Current Storage Problems**

The government has already accumulated larger grain stocks than can be properly stored. Since 1975, programs to add 7 million tons of new storage capacity have moved slowly; only about 2 million tons of new storage capacity has been added to the 11 million tons available at yearend 1975. As a result, about two-fifths of current stocks are stored in the open or on wooden pallets covered with polyethylene sheets. Use of inadequate facilities is likely to result in losses from spoilage and rodents of as much as 2 million to 3 million tons, depending on how long it stays in inventory. Aside from spoilage, the costs of maintaining the stockpile this year will amount to \$500 million, or 3 percent of total budget expenditures.

**Government Response**

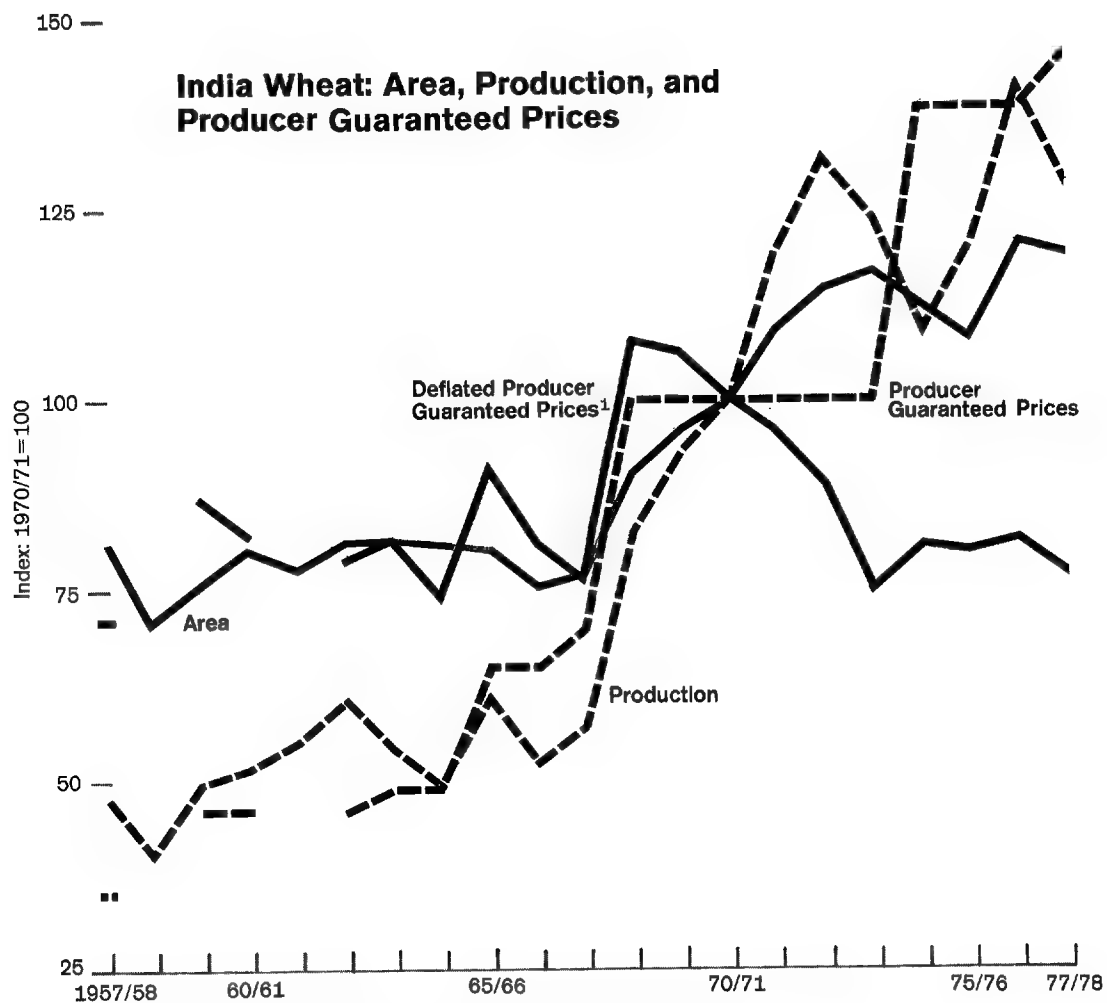
The Janata government has adopted several measures designed to draw down stocks by increasing sales through the government distribution system. To date New Delhi has:

- Increased the quota of wheat sold through the ration shops from 8 to 12 kilograms per month per person.
- Slightly increased the number of ration shops in the system.
- Advanced loans to state employers for bulk foodgrain purchases.
- Reduced the prices of wheat to millers by 7 percent.
- Removed all restrictions on interstate movement of foodgrains.

So far these measures have had little effect on stimulating sales through government shops. One problem is New Delhi's reluctance to reduce prices charged at these outlets from the current level of \$142 per ton. Private grain distributors, for their part, use the government selling price as a minimum floor price for their own sales. As a result the level of consumer purchases made through the open market system as well as the ration shops remains restricted by price and by the low purchasing power of the bulk of the population.

Another factor slowing the drawdown of stocks is the narrow popularity of wheat. The bulk of the population outside the northwest wheat areas prefers rice, and a bumper rice harvest is currently under way.

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1. Wholesale price index from the International Financial Statistics is used as a deflator.  
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## Exports as a Possible Solution

New Delhi is looking to exports as a means of slimming stockpiles. The Soviet Union has agreed to accept payment in kind for a wheat loan granted in 1973; India will ship 1.5 million tons for Soviet use over the next year or two. India also plans to loan 100,000 tons of wheat to Vietnam. Indian embassies reportedly have been instructed to search for additional buyers. We doubt this latter effort will be successful. Constraints on India's transport and port facilities pose a serious problem as does the generally low quality of Indian wheat, which makes up the bulk of the stockpile.

## Prospects

Indian grain stocks will increase further over the next two months as the major fall harvest comes in. The 1977 summer rains were excellent. Some observers even forecast a record grain crop of 125 million tons for 1977/78. To help minimize the stock additions, New Delhi is now considering both a further cut in government sales prices and inauguration of "work for food" programs. Since construction in new storage facilities is still lagging, any additional stock accumulation above present levels would be subject to very high spoilage rates.

As practical matter, India should maintain grain reserves of about 20 million tons if proper storage facilities are available. Given present levels of consumption and production, this would provide enough grain to offset a 15-percent crop shortfall. Although production continues high in the current crop year, the probability of a sharp drop in output in the fall of next year is high. Weather remains the dominant variable in Indian foodgrain production and the latest three crop years (July 1975 through June 1978) have included two excellent and one average rainy season. Historic patterns argue against an extended run of good fortune.

The Janata government, while not adequately pushing construction of storage facilities, has avoided measures that would reduce grain production incentives. The government, for example, has increased both wheat and rice purchase prices in 1977 despite the stock overhang. Because of the general domestic inflation, including substantial rises in the prices of inputs to the agricultural sector, further increases in government purchase prices will be needed to stimulate farm output over the coming years. (Confidential)

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**Next 7 Page(s) In Document Exempt**

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## Review of Report

**WORLD SHIPBUILDING: PROLONGED DEPRESSION\***

Output in the depressed world shipbuilding industry will continue to fall until the early 1980s, when production will be about one-third the peak 1975 level of 34 million gross register tons (GRT). The decline stems from speculative overbuilding in the early 1970s and the worldwide economic recession—set off by the massive 1973/74 oil price hikes—which deflated demand for both tankers and bulk carriers.

European shipbuilders have been hit not only by the global recession but also by the aggressive Japanese shipbuilders, who enjoy a 30-percent cost advantage; Japanese yards continue to win about half the world's dwindling orders. Negotiations on market sharing between the European Community and the Japanese are stymied by disagreement on how to measure production and by an inability to coordinate third-country production. The West European shipbuilders face a gloomy long-term outlook not only because of formidable Japanese competition but also because of growing competition from the rapidly developing shipbuilding industries of Brazil, South Korea, and Taiwan.

Various international plans to reduce the oversupply of tankers—currently about 37 percent of the world tanker fleet—have foundered on the rock of national interests. With international cooperation out at least for the present, national subsidies to the shipbuilding industry are propping up production and thereby postponing recovery of the industry beyond the mid-1980s. (Unclassified)

## Note

\*This review presents the highlights, in modified form, of a forthcoming report by the Office of Economic Research.

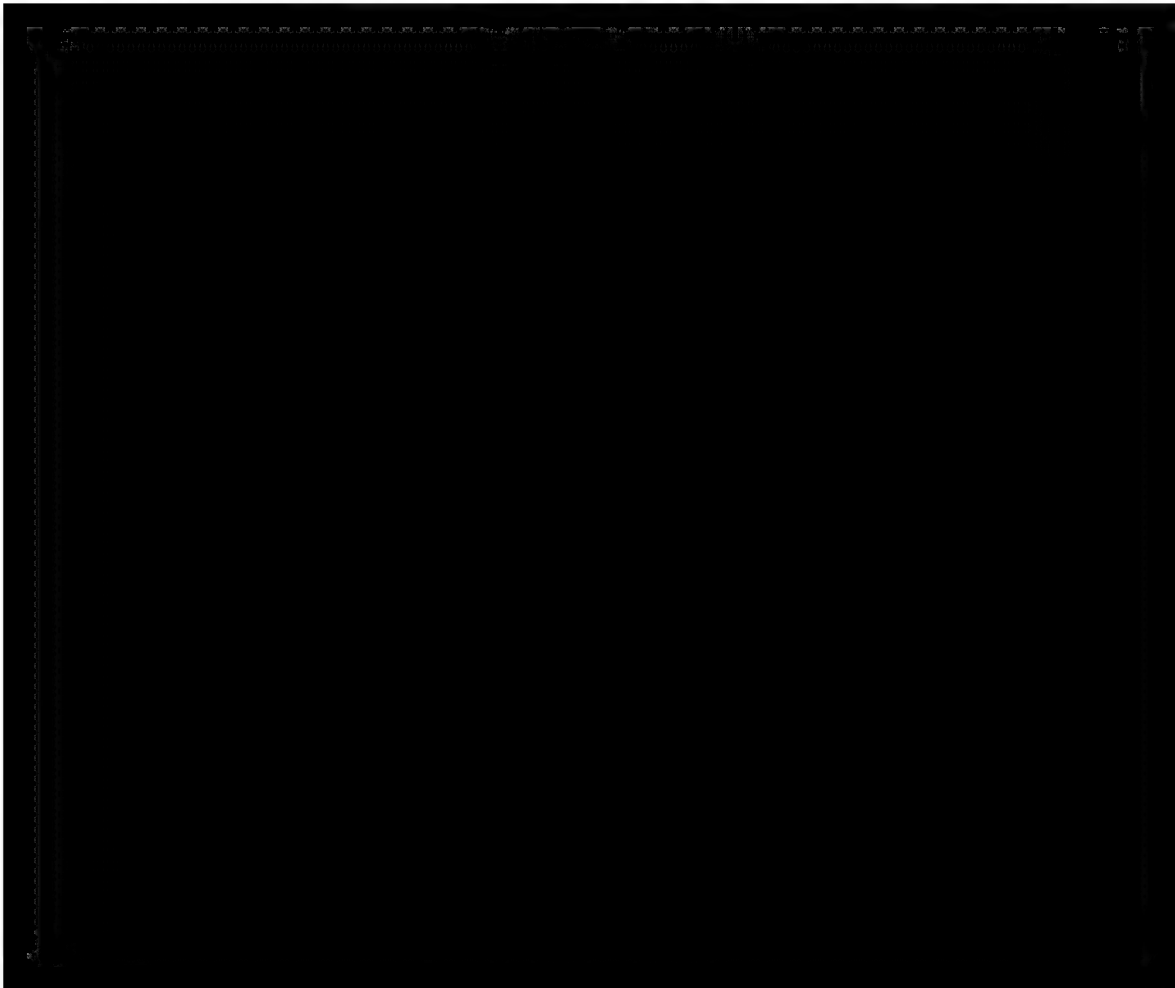
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**Publications of Interest\***

**China: Economic Indicators**  
(ER 77-10508, October 1977, Unclassified)

This handbook brings together economic estimates for the People's Republic of China, a country that has not released economic statistics systematically since 1960. It is a sequel to People's Republic of China: Handbook of Economic Indicators, ER 76-10540, August 1976, Unclassified).

\*Copies of this publication may be ordered by calling



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**Western Arms Sales to Third World Countries, First Half 1977**  
(ER 77-10636, October 1977, Secret Noform)

This publication summarizes US and other Free World military sales and deliveries to LDCs during the first six months of 1977. A statistical appendix provides country-to-country arms transactions for the period.

**The Impact of Fertilizer on Soviet Grain Output, 1960-80**  
(ER 77-10557, October 1977, Unclassified)

This publication reviews the impact of increased applications of fertilizer on Soviet grain output between 1960 and 1975, assesses planned applications during the 1976-80 plan period, and reviews the probable effect of fertilizer on future grain yields. An appendix also describes the sources and methodology used in deriving estimates presented in the publication.

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**Secret**

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National  
Foreign  
Assessment  
Center

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# **Economic Indicators Weekly Review**

3 November 1977

*ER EI 77-044*

Approved For Release 2002/02/01 : CIA-RDP79B00457A000300020001-8

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## FOREWORD

1. The **Economic Indicators Weekly Review** provides up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators Weekly Review** is updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks—or sometimes months—before receipt of official statistical publications. US data are provided by US government agencies.

2. Source notes for the **Economic Indicators Weekly Review** are revised every few months. The most recent date of publication of source notes is 20 October 1977. Comments and queries regarding the **Economic Indicators Weekly Review** are welcomed.

# INDUSTRIAL PRODUCTION

Approved For Release 2002/02/01 : CIA-RDP79B00457A000300020001-8

## United States

Semilogarithmic Scale



## Japan



## West Germany



## France

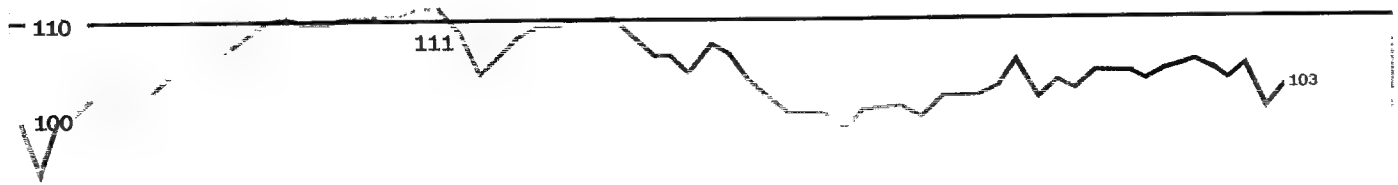


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1972 1973 1974 1975 1976 1977

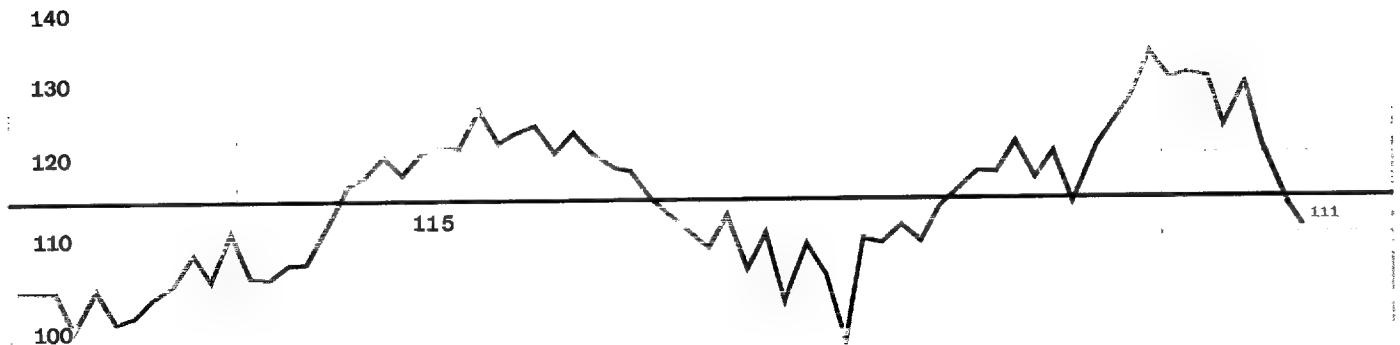
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Semilogarithmic Scale

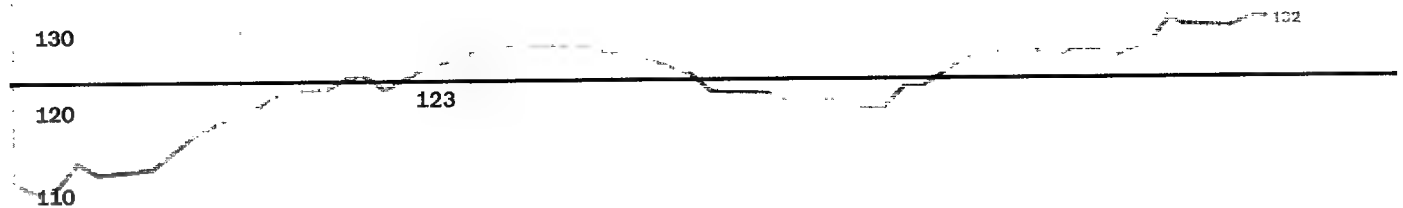
## United Kingdom



## Italy



## Canada



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
 1972 1973 1974 1975 1976 1977

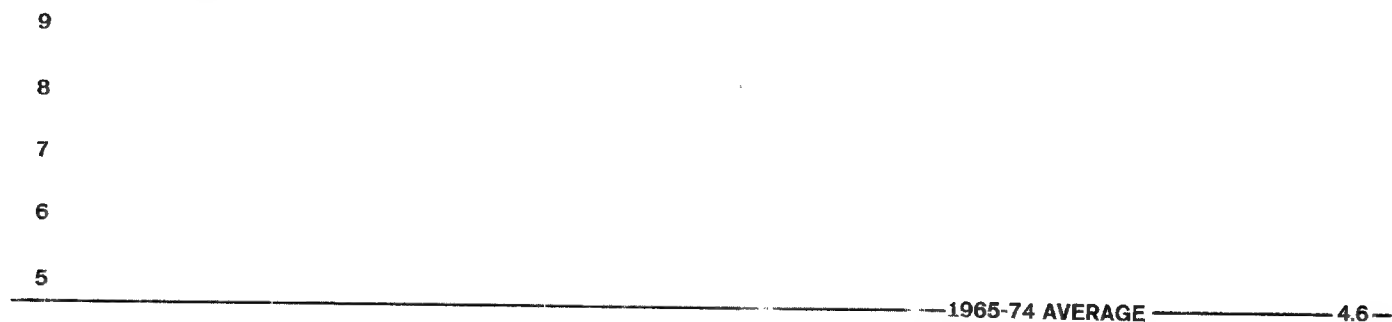
	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE				LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier <sup>1</sup>				1970	1 Year Earlier	3 Months Earlier <sup>1</sup>
United States	SEP 77	0.4	3.6	6.1	4.9	United Kingdom	JUL 77	2.8	0.4	-1.0	-8.5
Japan	AUG 77	1.2	3.8	2.9	-2.6	Italy	AUG 77	-3.4	1.5	-1.8	-33.4
West Germany	AUG 77	0	2.1	2.7	0	Canada	JUN 77	0.3	4.1	4.5	1.4
France	AUG 77	0	3.1	0	3.1						

<sup>1</sup>Average for latest 3 months compared with average for previous 3 months.

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# **UNEMPLOYMENT PERCENT OF LABOR FORCE**

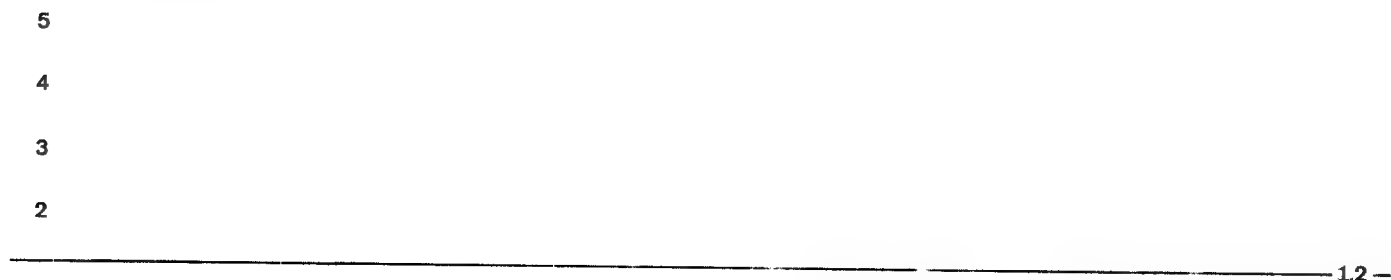
## **United States**



## **Japan**



## **West Germany**



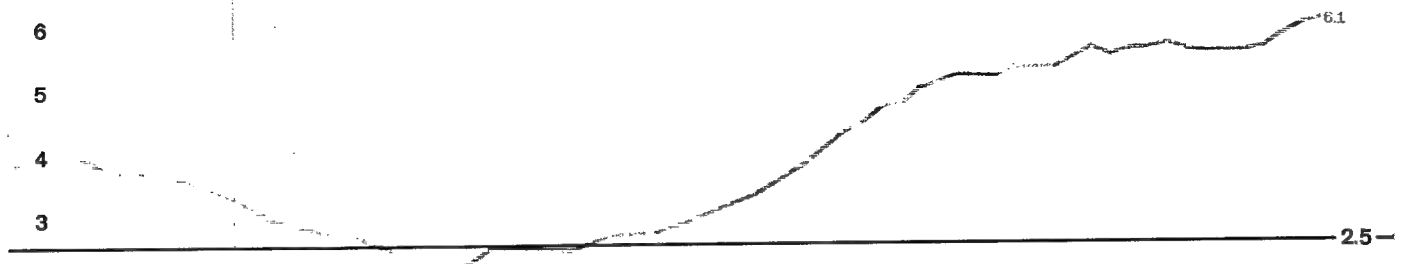
## **France**



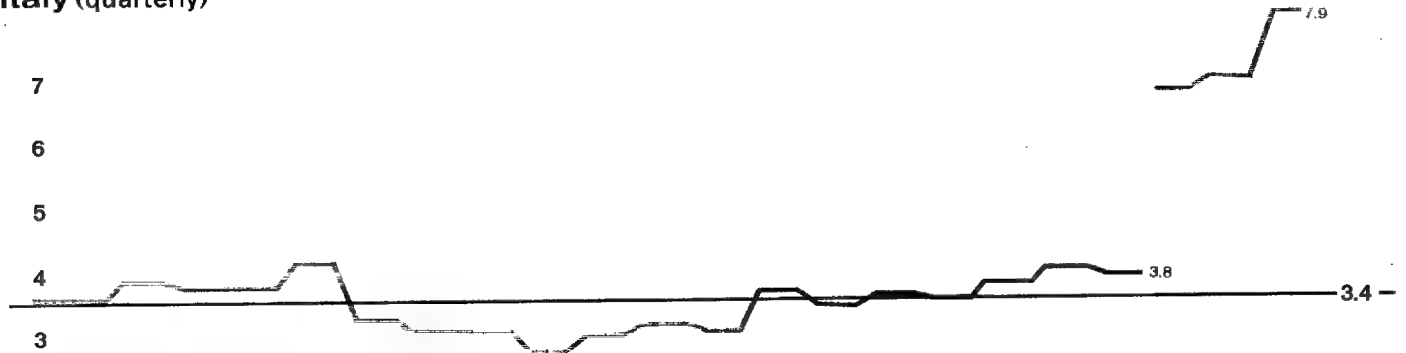
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1972 1973 1974 1975 1976 1977

## United Kingdom

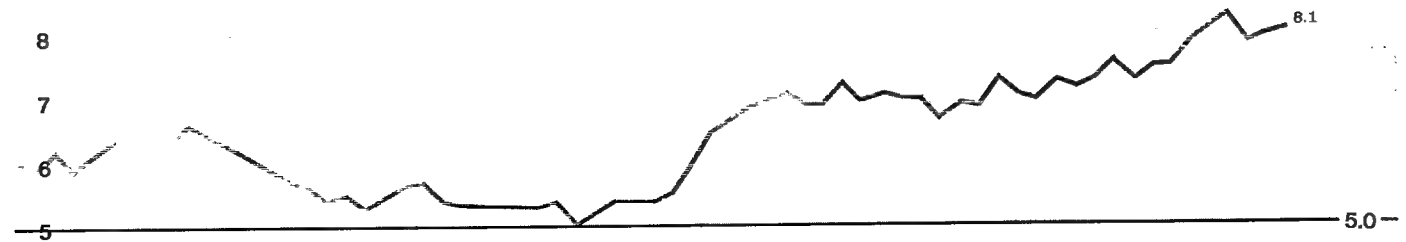


## Italy (quarterly)



A labor force survey based on new definitions of economic activity sharply raised the official estimate of Italian unemployment in first quarter 1977. Data for earlier periods thus are not comparable. Italian data are not seasonally adjusted.

## Canada



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
1972 1973 1974 1975 1976 1977

## THOUSANDS OF PERSONS UNEMPLOYED

		LATEST MONTH	1 Year Earlier	3 Months Earlier			LATEST MONTH	1 Year Earlier	3 Months Earlier
United States	SEP 77	6,773	7,448	6,962	United Kingdom	SEP 77	1,446	1,319	1,353
Japan	JUN 77	1,190	1,120	1,050	Italy	JUL 77	1,692	776	1,432
West Germany	SEP 77	1,046	1,034	1,045	Canada	JUL 77	859	751	870
France	SEP 77	1,159	941	1,150					

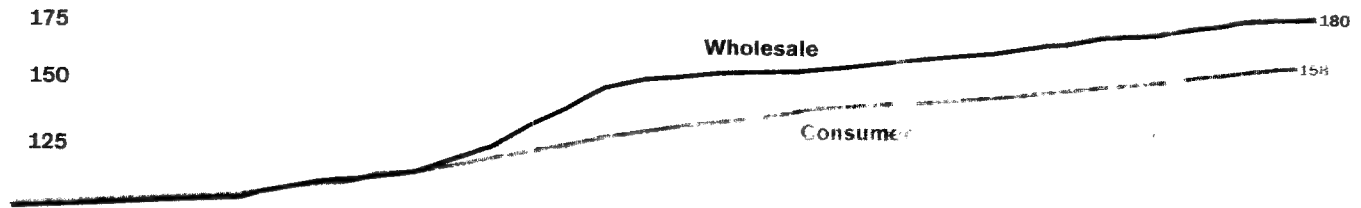
NOTE: Data are seasonally adjusted. Unemployment rates for France are estimated. The rates shown for Japan, Italy and Canada are roughly comparable to US rates. For 1975-77, the rates for France and the United Kingdom should be increased by 5 percent and 15 percent respectively, and those for West Germany decreased by 20 percent to be roughly comparable with US rates.

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# DOMESTIC PRICES<sup>1</sup> INDEX: 1970=100

## United States

Semilogarithmic Scale



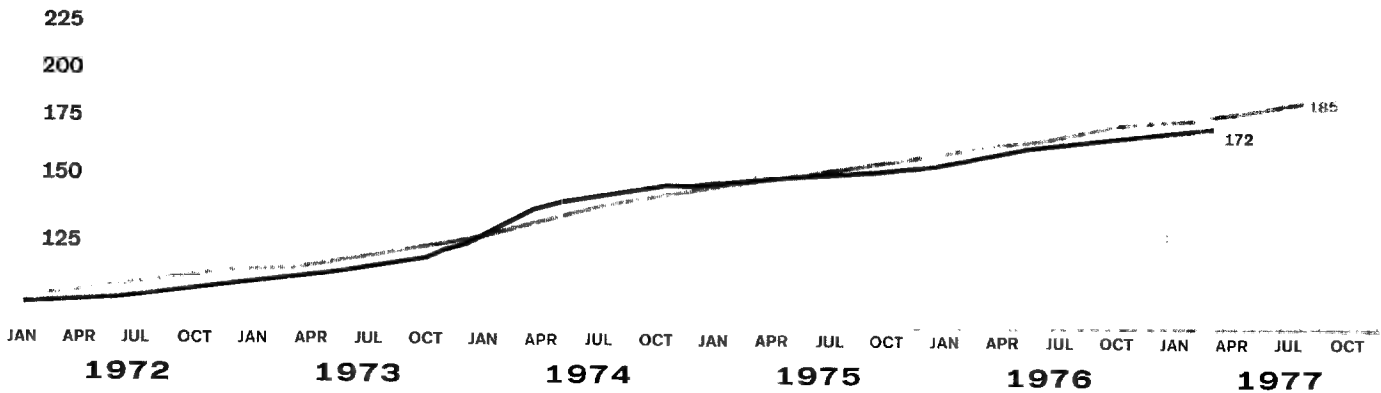
## Japan



## West Germany



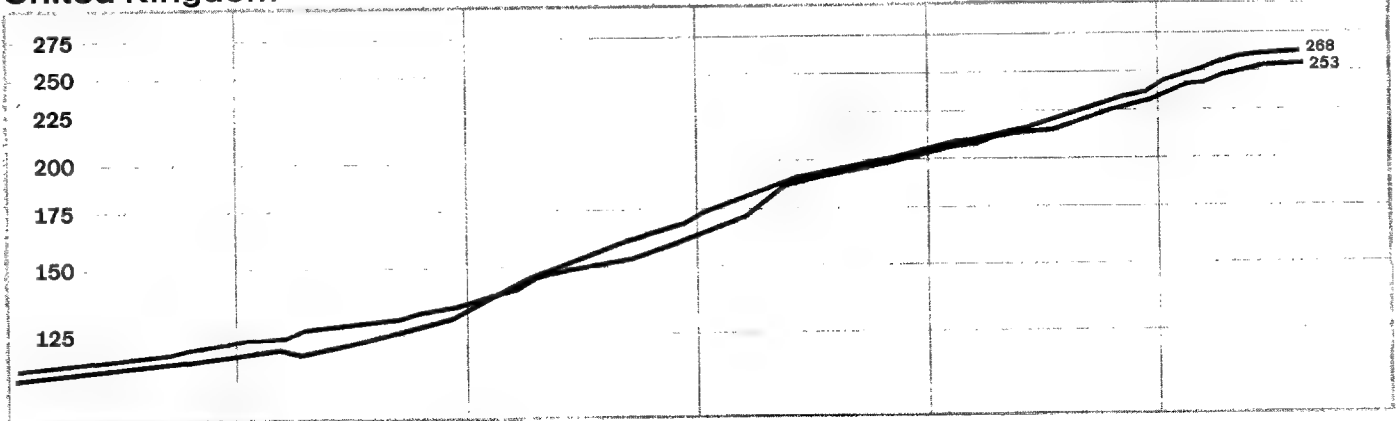
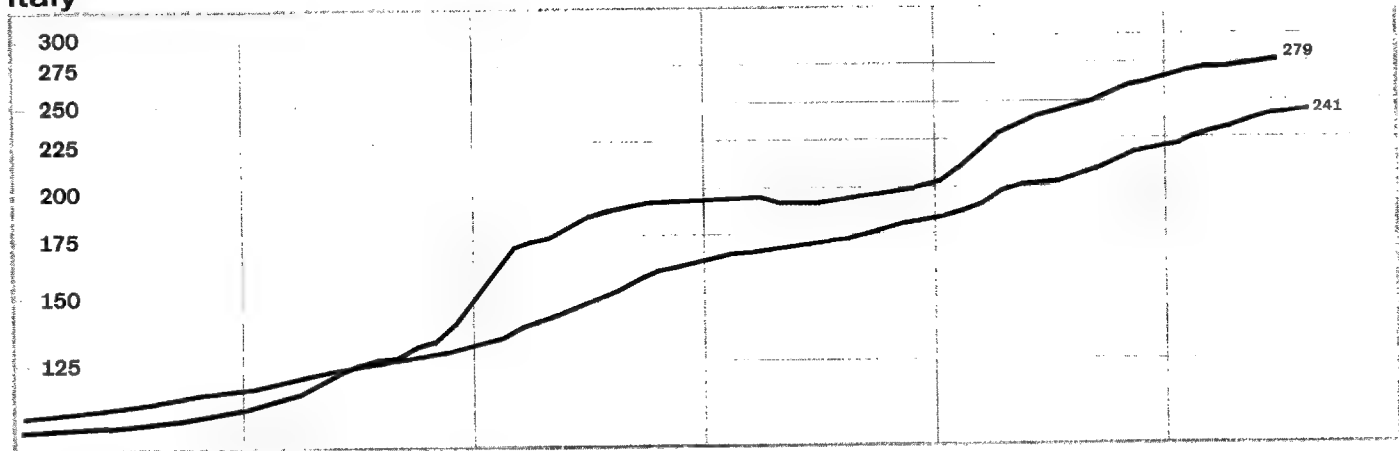
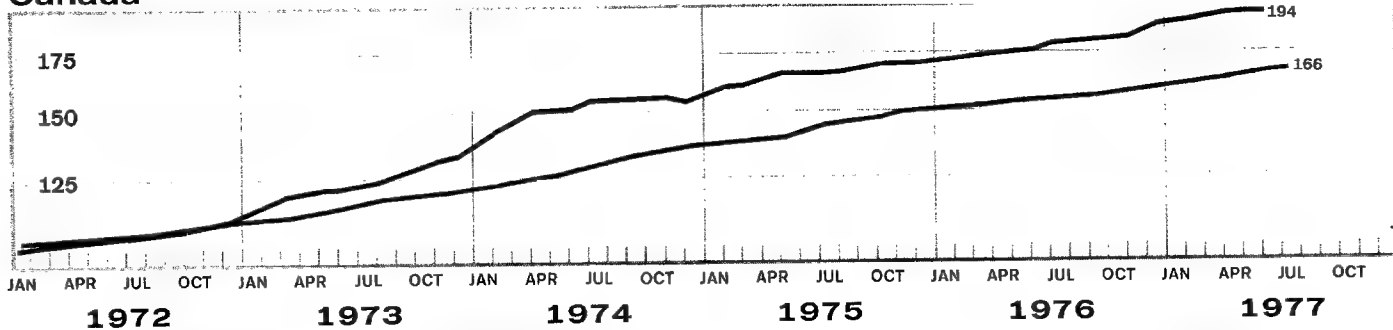
## France



<sup>1</sup>Wholesale price indexes cover industrial goods.

**United Kingdom**

Semilogarithmic Scale

**Italy****Canada**

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier
United States	SEP 77	0.5	8.5	7.1	6.7
	AUG 77	0.4	6.6	6.6	6.1
Japan	AUG 77	0.2	7.6	0.8	-2.3
	JUL 77	-0.3	10.5	7.7	0.7
West Germany	AUG 77	-0.1	5.2	1.9	-0.3
	SEP 77	-0.1	5.5	3.7	-1.4
France	MAR 77	0.9	8.4	8.2	7.6
	AUG 77	0.5	9.0	9.9	9.1

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier
United Kingdom	AUG 77	0.9	14.8	20.0	13.4
	AUG 77	0.5	13.9	15.5	6.8
Italy	JUL 77	0.3	15.7	14.7	5.0
	AUG 77	0.7	13.2	20.1	9.9
Canada	JUN 77	-0.2	10.0	9.6	2.2
	JUL 77	0.9	7.5	8.4	10.3

# GNP<sup>1</sup>

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## Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	77 III	0.9	3.2	4.6	3.8
Japan	77 II	1.9	5.6	5.6	7.6
West Germany	77 II	-0.2	6.3	2.4	-1.0
France	76 IV	0	3.9	4.9	0
United Kingdom	77 I	-1.9	1.6	-1.3	-7.5
Italy	76 IV	1.1	3.0	5.5	4.6
Canada	76 IV	-0.6	4.8	3.4	-2.5

<sup>1</sup> Seasonally adjusted.

# RETAIL SALES<sup>1</sup>

## Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
United States	Aug 77	1.6	3.3	4.7	-3.7
Japan	Jun 77	-0.1	9.8	2.6	1.4
West Germany	Aug 77	3.4	2.9	7.9	14.5
France	Jun 77	7.7	-0.3	1.0	-8.1
United Kingdom	Sep 77	-0.7	1.0	-2.2	12.2
Italy	Apr 77	-0.4	2.8	1.0	-3.1
Canada	Jun 77	-0.7	4.1	-3.7	-8.7

<sup>1</sup> Seasonally adjusted.

<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.

# FIXED INVESTMENT<sup>1</sup>

## Non-residential; constant prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	77 III	1.0	2.1	7.8	4.2
Japan	77 II	0.5	1.1	4.5	2.0
West Germany	77 II	-1.6	0.4	3.4	-6.4
France	75 IV	8.8	4.2	2.9	40.1
United Kingdom	77 I	-0.6	0	3.4	-2.5
Italy	76 IV	5.2	3.0	15.4	22.4
Canada	76 IV	8.5	6.8	5.1	38.7

<sup>1</sup> Seasonally adjusted.

# WAGES IN MANUFACTURING<sup>1</sup>

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
United States	Jul 77	0.6	7.5	7.6	8.1
Japan	Jun 77	1.7	17.3	12.5	8.7
West Germany	77 II	1.7	9.5	7.5	7.2
France	77 I	2.3	14.1	13.9	9.5
United Kingdom	Jun 77	0.3	15.7	3.4	3.6
Italy	May 77	5.3	21.1	29.4	33.2
Canada	Jun 77	1.3	11.5	10.7	11.7

<sup>1</sup> Hourly earnings (seasonally adjusted) for the United States, Japan, and Canada; hourly wage rates for others. West German and French data refer to the beginning of the quarter.

<sup>2</sup> Average for latest 3 months compared with that for previous 3 months.

# MONEY MARKET RATES

Representative rates		Latest Date	Percent Rate of Interest			
			1 Year Earlier	3 Months Earlier	1 Month Earlier	
United States	Commerical paper	Oct 12	6.43	5.19	5.38	6.01
Japan	Call money	Oct 14	5.00	6.75	5.63	4.88
West Germany	Interbank loans (3 months)	Oct 12	4.06	4.80	4.19	4.07
France	Call money	Oct 14	8.38	9.75	8.63	8.50
United Kingdom	Sterling interbank loans (3 months)	Oct 12	5.18	14.24	7.89	6.09
Canada	Finance paper	Oct 12	7.09	9.44	7.25	7.50
Eurodollars	Three-month deposits	Oct 12	7.19	5.46	5.75	6.49

# EXPORT PRICES

US \$

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	-0.6	9.6	4.7	-1.7
Japan	Jun 77	2.0	10.8	14.9	10.1
West Germany	Aug 77	-1.1	11.4	9.1	7.9
France	Jul 77	1.5	11.3	8.2	10.2
United Kingdom	Aug 77	2.9	11.0	13.9	15.7
Italy	Apr 77	-0.3	11.1	17.4	12.6
Canada	May 77	0.3	9.7	-0.8	-0.8

# EXPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	-0.6	9.6	4.7	-1.7
Japan	Jun 77	0.4	6.5	4.7	-1.0
West Germany	Aug 77	-0.2	4.5	-0.1	0.6
France	Jul 77	-0.1	9.2	8.7	1.7
United Kingdom	Aug 77	1.9	16.1	16.7	10.1
Italy	Apr 77	1.9	16.9	18.5	16.6
Canada	May 77	0.1	9.7	6.1	7.4

# IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Jul 77	0.6	13.4	7.9	7.6
Japan	Jun 77	-0.8	10.9	0.3	-14.8
West Germany	Aug 77	0.6	4.4	-0.7	3.3
France	Jul 77	0.1	10.3	14.3	-0.3
United Kingdom	Aug 77	-1.0	19.3	13.9	1.7
Italy	Apr 77	1.0	21.1	13.7	15.1
Canada	May 77	0.5	8.6	11.9	18.2

# OFFICIAL RESERVES

	Latest Month	Billion US \$			
		End of	Jun 1970	1 Year Earlier	3 Months Earlier
		Billion US \$			
United States	Aug 77	19.1	14.5	18.6	19.2
Japan	Sep 77	17.9	4.1	16.5	17.4
West Germany	Aug 77	34.9	8.8	34.3	34.8
France	Jul 77	9.9	4.4	9.4	10.0
United Kingdom	Sep 77	17.2	2.8	5.2	11.6
Italy	Jul 77	10.5	4.7	6.2	6.8
Canada	Jun 77	5.1	4.3	6.0	5.1

# CURRENT ACCOUNT BALANCE <sup>1</sup>

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1977	1976	Change
United States <sup>2</sup>	77 II	-4,605	-8,763	1,070	-9,833
Japan	Aug 77	660	5,321	1,255	4,066
West Germany	Aug 77	-726	684	177	506
France	77 II	-438	-2,101	-2,052	-50
United Kingdom	77 I	-773	-773	-502	-271
Italy	77 I	-929	-929	-1,413	484
Canada	77 I	-1,530	-1,530	-1,911	381

<sup>1</sup> Converted to US dollars at the current market rates of exchange.

<sup>2</sup> Seasonally adjusted.

# BASIC BALANCE <sup>1</sup>

Current and Long-Term-Capital Transactions

	Latest Period	Million US \$	Cumulative (Million US \$)		
			1977	1976	Change
United States			No longer published <sup>2</sup>		
Japan	Aug 77	260	3,781	1,472	2,309
West Germany	Aug 77	-1,048	-3,403	883	-4,287
France	77 I	-1,354	-1,354	-2,015	660
United Kingdom	76 IV	-277	N.A.	-4,171	N.A.
Italy	76 III	779	N.A.	1,096	N.A.
Canada	77 I	-550	-550	882	-1,432

<sup>1</sup> Converted to US dollars at the current market rates of exchange.

<sup>2</sup> As recommended by the Advisory Committee on the Presentation of Balance of Payments Statistics, the Department of Commerce no longer publishes a basic balance.

# EXCHANGE RATES

Spot Rate

As of 28 Oct 77

	US \$ Per Unit	Percent Change from			
		19 Mar 73	1 Year Earlier	3 Months Earlier	21 Oct 77
Japan (yen)	0.0040	5.02	17.33	6.36	1.84
West Germany (Deutsche mark)	0.4421	24.85	6.97	1.28	0.31
France (franc)	0.2066	-6.26	2.79	0.67	0.34
United Kingdom (pound sterling)	1.7770	-27.79	7.73	2.33	0.42
Italy (lira)	0.0011	-35.76	-1.22	0.26	0.09
Canada (dollar)	0.9043	-9.36	-12.09	-3.29	-0.77

# TRADE-WEIGHTED EXCHANGE RATES <sup>1</sup>

As of 28 Oct 77

	Percent Change from			
	19 Mar 73	1 Year Earlier	3 Months Earlier	21 Oct 77
United States	5.29	0.62	-0.33	-0.21
Japan	10.95	19.44	6.46	1.82
West Germany	27.67	4.39	0.78	0.02
France	-7.83	-0.73	-0.20	0.05
United Kingdom	-28.60	7.03	2.51	0.22
Italy	-39.36	-4.60	-0.60	-0.20
Canada	-7.88	-13.24	-3.74	-0.92

<sup>1</sup> Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange rate variations among the major currencies.

Developed Countries: Direction of Trade <sup>1</sup>

Million US \$

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC <sup>2</sup>	Com-munist	Other	World	Big Seven	Other OECD	OPEC <sup>2</sup>	Com-munist	Other
<b>UNITED STATES <sup>3</sup></b>												
1974 .....	98,507	45,866	15,630	6,723	3,406	26,882	100,218	49,490	9,415	15,636	1,282	24,395
1975 .....	107,592	46,926	16,191	10,765	3,699	30,011	96,140	46,715	8,170	17,083	1,156	23,016
1976 .....	114,997	51,298	17,612	12,567	3,936	29,584	120,677	56,626	9,058	25,017	1,445	28,531
1st Qtr .....	27,360	12,184	4,088	2,751	1,144	7,193	27,319	12,884	2,226	5,570	327	6,312
2d Qtr .....	29,695	13,383	4,496	3,113	1,088	7,615	28,367	14,332	2,242	5,582	372	5,839
3d Qtr .....	27,437	11,944	4,073	3,106	850	7,464	32,452	14,285	2,228	6,952	389	8,598
4th Qtr .....	30,505	13,787	4,955	3,597	854	7,312	32,539	15,125	2,362	6,913	357	7,782
<b>1977</b>												
1st Qtr .....	29,454	13,752	4,716	3,136	951	6,899	34,990	15,124	2,566	8,324	366	8,610
2d Qtr .....	31,673	14,282	4,707	3,389	816	8,479	37,907	17,059	2,578	8,673	411	9,186
<b>JAPAN</b>												
1974 .....	55,610	18,591	6,862	5,450	4,367	20,340	62,074	18,755	6,219	19,970	3,684	13,446
1975 .....	55,812	16,468	6,091	8,423	5,283	19,547	57,853	16,917	6,083	19,404	3,382	12,067
1976 .....	67,364	22,406	8,588	9,278	5,049	22,043	64,895	17,534	7,777	21,877	2,926	14,781
1st Qtr .....	14,429	4,848	1,827	1,872	1,289	4,593	14,832	4,083	1,696	5,213	671	3,169
2d Qtr .....	16,431	5,402	2,092	2,271	1,348	5,318	15,903	4,347	1,948	5,400	667	3,541
3d Qtr .....	17,542	5,897	2,272	2,476	1,135	5,762	16,818	4,497	2,137	5,406	747	4,031
4th Qtr .....	18,962	6,259	2,397	2,659	1,277	6,370	17,342	4,607	1,996	5,858	841	4,040
<b>1977</b>												
1st Qtr .....	17,911	5,848	2,449	2,459	1,409	5,746	17,452	4,717	1,845	6,246	801	3,843
Apr & May .....	13,017	4,404	1,611	1,823	875	4,304	11,988	3,195	1,380	3,925	575	2,913
<b>WEST GERMANY</b>												
1974 .....	89,365	30,820	36,431	4,066	9,473	8,575	69,659	23,878	25,504	9,211	5,153	5,913
1975 .....	90,181	28,331	36,406	6,776	10,629	8,039	74,986	27,085	27,761	8,239	5,526	6,375
1976 .....	101,980	33,443	41,811	8,245	10,310	8,171	88,211	31,281	32,632	9,720	6,718	7,860
1st Qtr .....	23,467	7,918	9,519	1,710	2,430	1,890	20,147	7,130	7,577	2,189	1,502	1,749
2d Qtr .....	24,570	8,215	10,110	1,838	2,421	1,986	21,571	7,704	8,133	2,223	1,625	1,886
3d Qtr .....	25,147	8,003	10,272	2,235	2,510	2,127	21,791	7,565	7,894	2,575	1,699	2,058
4th Qtr .....	28,796	9,307	11,910	2,462	2,949	2,168	24,701	8,883	9,028	2,732	1,891	2,167
<b>1977</b>												
1st Qtr .....	27,804	9,281	11,609	2,307	2,156	2,451	24,084	8,465	8,828	2,578	1,270	2,943
Apr .....	9,230	3,058	3,849	799	694	830	7,991	2,892	2,949	756	428	966
<b>FRANCE</b>												
1974 .....	45,914	19,361	14,854	3,017	2,265	6,417	52,874	22,062	13,620	10,117	1,714	5,361
1975 .....	52,189	19,960	15,454	4,909	3,477	8,389	54,238	23,039	14,350	9,665	2,065	5,119
1976 .....	55,680	22,438	16,081	5,067	3,558	8,536	64,256	27,750	16,894	11,336	2,384	5,892
1st Qtr .....	13,639	5,524	3,921	1,240	917	2,037	15,529	6,567	4,157	2,818	595	1,392
2d Qtr .....	14,769	5,911	4,395	1,221	1,059	2,183	16,187	7,149	4,324	2,610	593	1,511
3d Qtr .....	12,409	4,922	3,446	1,280	729	2,032	14,841	6,431	3,733	2,723	577	1,377
4th Qtr .....	14,863	6,081	4,319	1,326	853	2,284	17,699	7,603	4,680	3,185	619	1,612
<b>1977</b>												
1st Qtr .....	15,323	6,250	4,540	1,392	847	2,294	17,885	7,494	4,840	3,056	600	1,895
Apr .....	5,232	2,193	1,569	460	288	722	5,788	2,499	1,543	879	194	673
<b>UNITED KINGDOM</b>												
1974 .....	38,615	11,704	15,544	2,554	1,458	7,355	54,107	18,158	17,968	8,695	1,870	7,416
1975 .....	43,751	12,399	16,310	4,535	1,768	8,739	53,260	18,387	18,370	6,912	1,726	7,865
1976 .....	46,312	14,016	17,492	5,133	1,619	8,052	56,029	19,653	18,732	7,292	2,143	8,209
1st Qtr .....	11,637	3,415	4,362	1,238	433	2,189	13,641	4,704	4,597	1,824	510	2,006
2d Qtr .....	11,553	3,532	4,307	1,259	420	2,035	14,052	5,041	4,547	1,738	579	2,147
3d Qtr .....	11,058	3,430	4,100	1,262	386	1,880	13,787	4,744	4,547	1,893	528	2,075
4th Qtr .....	12,064	3,639	4,723	1,374	380	1,948	14,549	5,164	5,041	1,837	526	1,981
<b>1977</b>												
1st Qtr .....	13,150	4,008	5,145	1,521	413	2,063	15,575	5,786	5,068	1,783	514	2,424
2d Qtr .....	14,375	4,195	5,700	1,687	530	2,263	16,623	6,009	5,718	1,702	602	2,592

Developed Countries: Direction of Trade<sup>1</sup>  
(Continued)

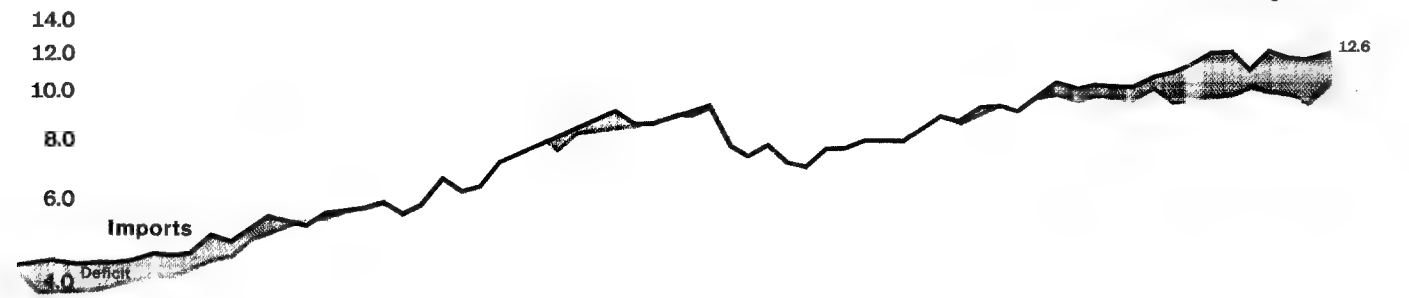
Million US \$

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC <sup>2</sup>	Communist	Other	World	Big Seven	Other OECD	OPEC <sup>2</sup>	Communist	Other
<b>ITALY</b>												
1974 .....	30,252	13,894	7,135	2,238	2,701	4,284	40,682	17,949	6,394	9,384	2,513	4,442
1975 .....	34,825	15,626	7,519	3,718	3,228	4,734	37,928	17,284	6,189	7,854	2,431	4,170
1976 .....	35,364	16,698	8,276	4,027	2,592	3,771	41,789	18,585	7,755	7,831	3,000	4,618
1st Qtr .....	7,398	3,513	1,713	756	597	819	9,092	4,063	1,708	1,689	608	1,024
2d Qtr .....	8,705	4,157	2,040	951	623	934	10,716	4,786	1,918	2,092	744	1,176
3d Qtr .....	9,398	4,505	2,191	1,057	657	988	10,335	4,497	1,860	2,035	792	1,151
4th Qtr .....	9,863	4,523	2,332	1,263	715	1,030	11,646	5,239	2,269	2,015	856	1,267
<b>1977</b>												
1st Qtr .....	9,668	4,520	2,264	1,236	655	993	11,299	4,964	2,130	2,166	720	1,319
Apr & May .....	7,480	3,435	1,719	981	540	805	8,523	3,829	1,561	1,605	523	1,005
<b>CANADA<sup>4</sup></b>												
1974 .....	32,390	26,827	1,970	626	851	2,116	32,408	25,965	1,508	2,613	343	1,979
1975 .....	31,778	25,885	1,753	827	1,255	2,058	34,050	27,181	1,579	3,126	311	1,853
1976 .....	37,746	31,415	2,048	930	1,270	2,083	37,922	30,383	1,661	3,171	363	2,344
1st Qtr .....	8,539	7,197	424	167	334	417	9,159	7,331	367	843	85	533
2d Qtr .....	10,015	8,441	496	183	345	550	10,290	8,175	421	954	95	645
3d Qtr .....	9,216	7,486	568	271	354	537	8,834	6,965	433	716	91	629
4th Qtr .....	9,976	8,291	560	309	237	579	9,639	7,912	440	658	92	537
<b>1977</b>												
1st Qtr .....	9,672	8,201	524	248	231	468	9,640	7,850	391	742	87	570
2d Qtr .....	10,740	9,055	540	278	292	575	10,841	9,007	430	677	96	631

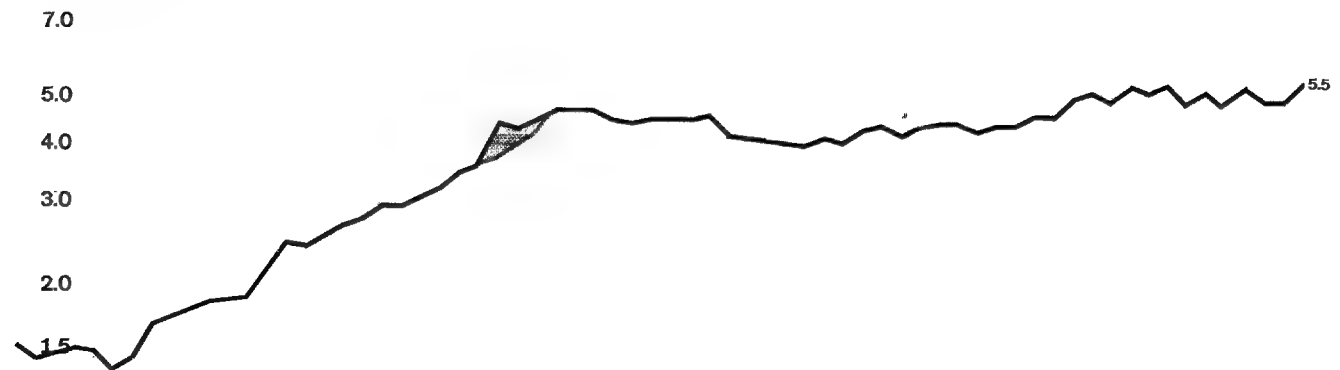
<sup>1</sup> Data are unadjusted. Because of rounding, components may not add to the totals shown.<sup>2</sup> Including Gabon.<sup>3</sup> Import data are f.o.b.<sup>4</sup> Import data are f.o.b.

# FOREIGN TRADE BILLION US \$, f.o.b., seasonally adjusted

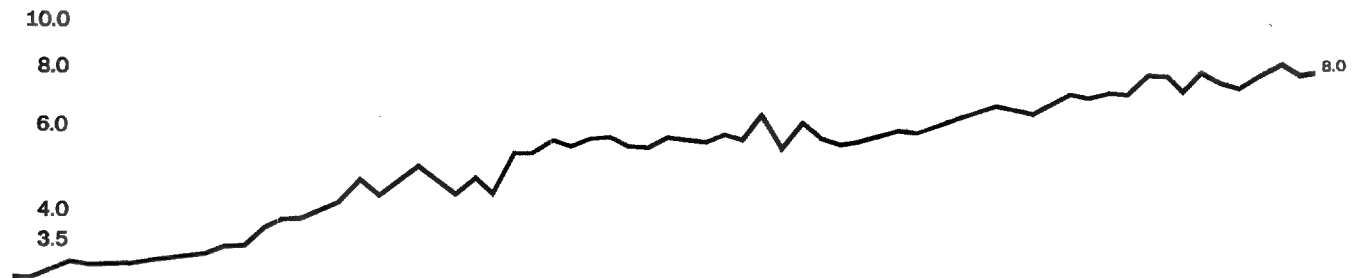
## United States



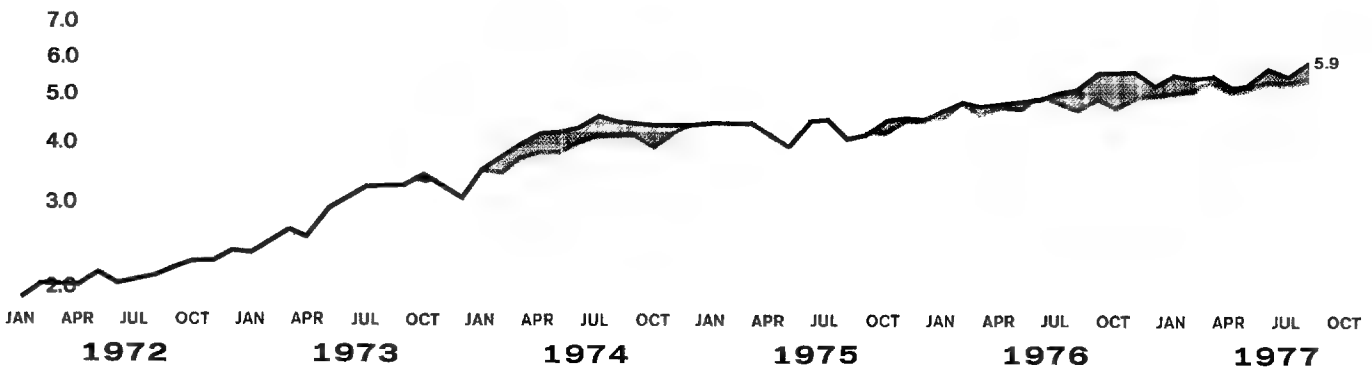
## Japan



## West Germany

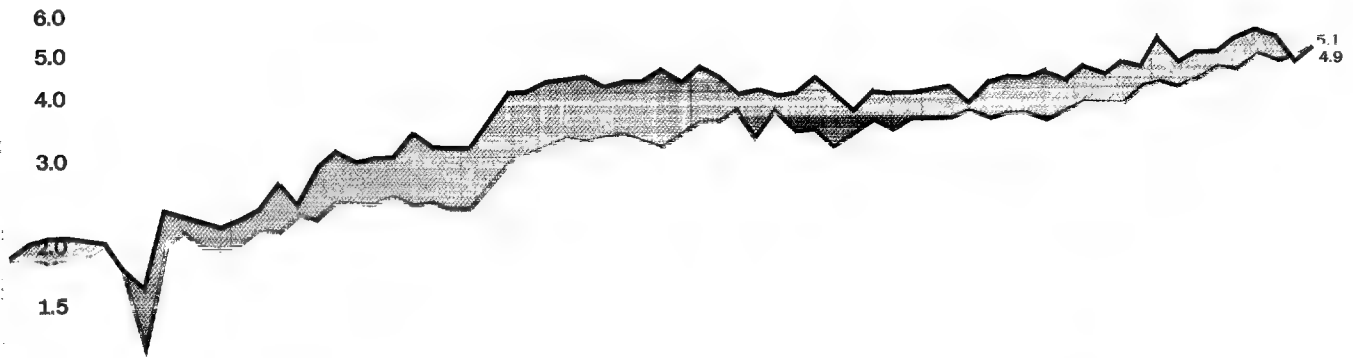


## France

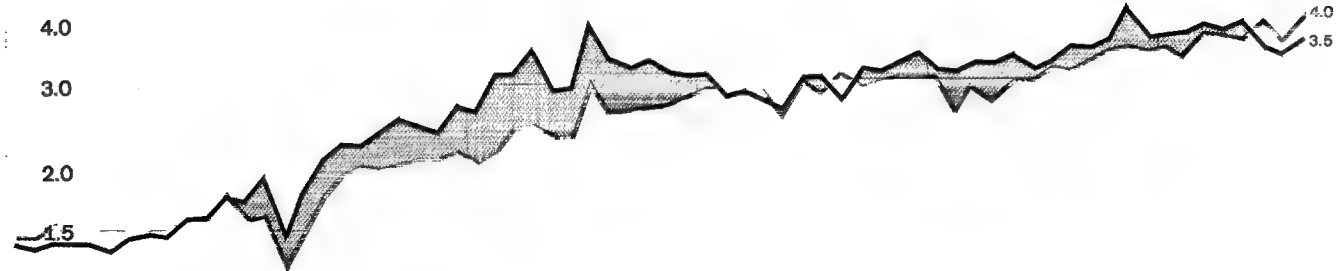


Semilogarithmic Scale

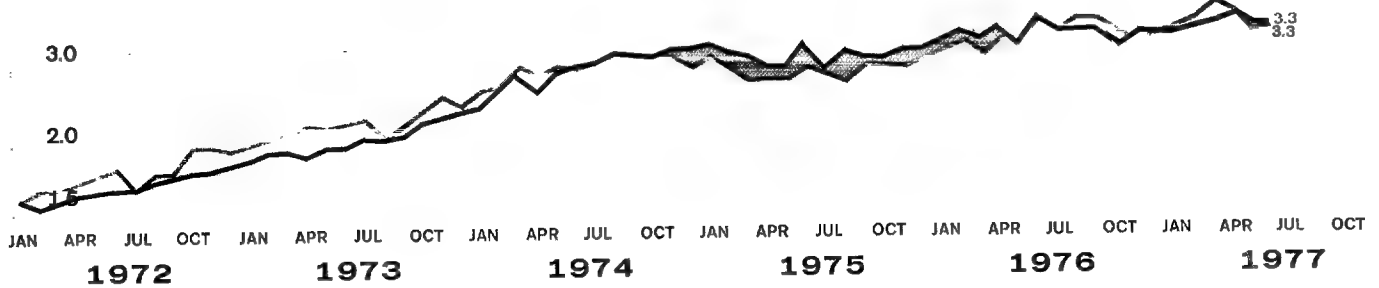
## United Kingdom



## Italy



## Canada



	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)				LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1977	1976	CHANGE				1977	1976	CHANGE
United States	SEP 77	10,916	90,584	85,171	6.4%	United Kingdom	SEP 77	5,095	41,159	32,650	26.1%
		<u>12,631</u>	<u>109,882</u>	<u>88,297</u>	<u>24.4%</u>			<u>4,936</u>	<u>44,196</u>	<u>37,511</u>	<u>17.8%</u>
	Balance	-1,715	-19,298	-3,126	-16,172		Balance	159	-3,037	-4,861	1,824
Japan	AUG 77	6,521	51,989	42,541	22.2%	Italy	AUG 77	4,022	29,216	23,305	25.4%
		<u>5,466</u>	<u>40,645</u>	<u>35,772</u>	<u>13.6%</u>			<u>3,489</u>	<u>29,071</u>	<u>25,696</u>	<u>13.1%</u>
	Balance	-1,055	-11,344	-6,769	-4,575		Balance	533	146	-2,391	2,537
West Germany	SEP 77	10,061	86,227	73,878	16.7%	Canada	JUN 77	3,325	20,711	18,774	10.3%
		<u>8,023</u>	<u>70,820</u>	<u>60,750</u>	<u>16.6%</u>			<u>3,311</u>	<u>20,020</u>	<u>18,940</u>	<u>5.7%</u>
	Balance	2,038	15,407	13,129	2,279		Balance	14	691	-166	857
France	AUG 77	5,510	41,964	37,453	12.0%						
		<u>5,888</u>	<u>44,174</u>	<u>39,000</u>	<u>13.3%</u>						
	Balance	-378	-2,210	-1,548	-662						

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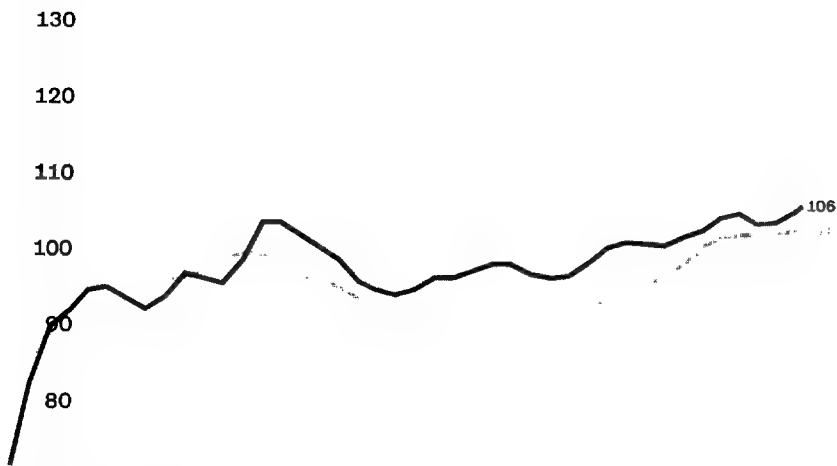
# FOREIGN TRADE PRICES IN US \$<sup>1</sup>

United States

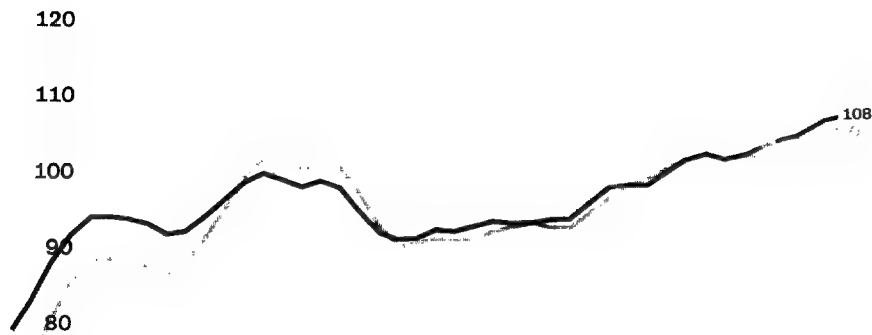
INDEX: JAN 1975 = 100



Japan



West Germany



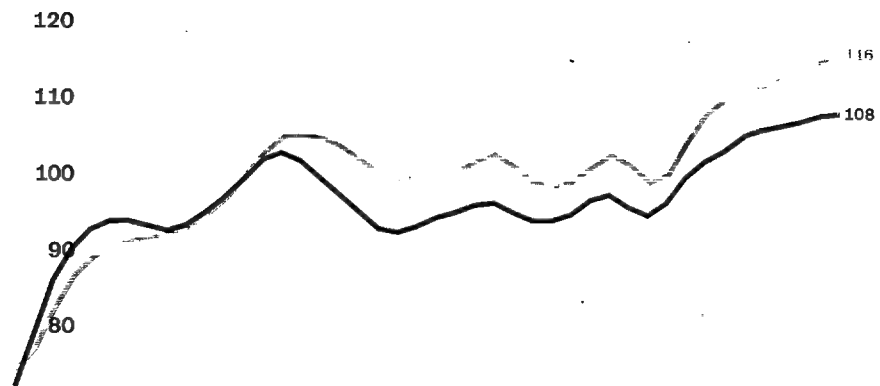
JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT  
1974 1975 1976 1977

<sup>1</sup>Export and Import plots are based on five month weighted moving averages.

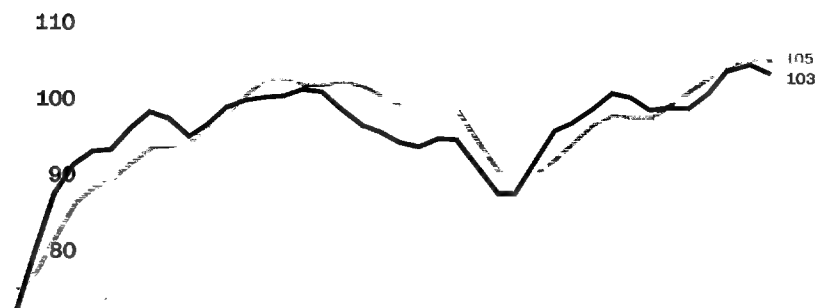
### France



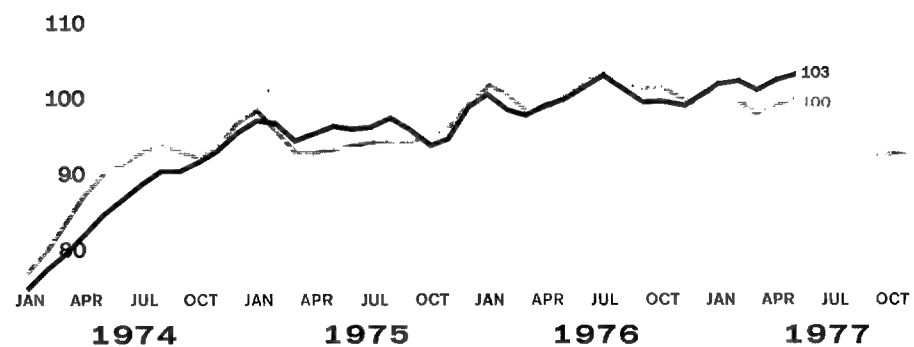
### United Kingdom



### Italy



### Canada



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## SELECTED DEVELOPING COUNTRIES

INDUSTRIAL PRODUCTION <sup>1</sup>

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier <sup>2</sup>
Brazil	76 II	0.1	11.0	10.7	0.4
India	Feb 77	3.5	5.5	6.8	18.8
South Korea	Jun 77	8.3	22.8	14.7	22.8
Mexico	May 77	1.9	5.9	2.4	27.1
Nigeria	76 IV	0.2	11.3	9.0	0.7
Taiwan	Jul 77	-2.0	14.2	8.9	12.7

<sup>1</sup> Seasonally adjusted.<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.MONEY SUPPLY <sup>1</sup>

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	May 77	1.5	36.3	41.7
Egypt	Apr 77	1.2	18.6	23.0
India	Apr 77	0.9	12.2	19.7
Iran	Jun 77	-4.5	28.8	26.5
South Korea	Jul 77	1.9	31.6	39.6
Mexico	Jun 76	-0.3	17.0	16.6
Nigeria	Feb 77	5.9	35.9	54.8
Taiwan	May 77	0.6	24.1	21.0
Thailand	May 77	1.5	13.5	13.0

<sup>1</sup> Seasonally adjusted.<sup>2</sup> Average for latest 3 months compared with average for previous 3 months.

## CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	May 77	3.5	26.9	44.4
India	Apr 77	0.3	8.1	8.3
Iran	Jun 77	1.6	12.5	29.9
South Korea	Aug 77	1.3	14.6	9.7
Mexico	Jul 77	1.1	14.7	32.9
Nigeria	Mar 77	3.4	14.9	13.6
Taiwan	Jul 77	0.4	10.6	7.2
Thailand	Jul 77	0.4	8.6	9.4

## WHOLESALE PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Aug 77	0.9	27.2	37.0
India	May 77	2.0	9.5	10.2
Iran	Jun 77	0.1	10.9	21.6
South Korea	Aug 77	0.7	16.3	9.2
Mexico	Jul 77	0.7	16.4	48.2
Taiwan	Jul 77	0	9.1	4.1
Thailand	Jul 77	1.0	10.1	7.1

## EXPORT PRICES

US \$

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier
Brazil	Mar 77	4.5	16.5	35.4	-34.4
India	Nov 76	-2.1	9.4	10.5	-4.0
Iran	Jun 77	0	36.0	18.9	0
South Korea	77 I	1.7	8.8	11.9	6.9
Nigeria	May 76	-0.1	33.2	8.2	6.6
Taiwan	May 77	0.4	12.3	9.4	14.7
Thailand	Dec 76	2.0	13.3	13.1	77.7

## OFFICIAL RESERVES

Million US \$

	Latest Month			1 Year		3 Months
	End of	Million US \$	Jun 1970	Earlier	Earlier	
Brazil	Feb 77	5,873	1,013	3,667	5,139	
Egypt	Apr 77	405	155	375	389	
India	Jun 77	4,559	1,006	2,449	3,747	
Iran	Jul 77	11,592	208	8,426	10,548	
South Korea	Jul 77	3,656	602	2,128	3,247	
Mexico	Mar 76	1,501	695	1,479	1,533	
Nigeria	Jun 77	4,663	148	5,885	4,931	
Taiwan	Jun 77	1,411	531	1,394	1,349	
Thailand	Jul 77	2,017	978	1,929	2,006	

## FOREIGN TRADE, f.o.b.

			Latest 3 Months Percent Change from		Cumulative (Million US \$)		
			3 Months	1 Year			
	Latest Period		Earlier <sup>1</sup>	Earlier	1977	1976	Change
Brazil	Jun 77	Exports	190.5	37.3	6,199	4,410	40.6%
	Jun 77	Imports	47.0	-0.4	5,963	5,938	0.4%
	Jun 77	Balance			236	-1,528	1,764
Egypt	76 IV	Exports	-9.0	-33.3	NA	NA	NA
	76 IV	Imports	177.6	15.7	NA	NA	NA
	76 IV	Balance			NA	NA	NA
India	Apr 77	Exports	109.3	13.0	1,890	1,670	13.2%
	Apr 77	Imports	-56.3	5.6	1,456	1,434	1.5%
	Apr 77	Balance			434	236	198
Iran	Jun 77	Exports	-4.4	4.2	11,984	10,968	9.3%
	May 77	Imports	143.6	6.8	5,268	5,050	4.3%
	May 77	Balance			4,845	3,926	919
South Korea	Jun 77	Exports	107.4	23.8	4,518	3,414	32.3%
	Jun 77	Imports	158.0	31.7	4,692	3,625	29.4%
	Jun 77	Balance			-174	-211	37
Mexico	Jun 77	Exports	17.1	25.3	2,162	1,661	30.2%
	Jun 77	Imports	73.5	-21.5	2,340	2,971	-21.2%
	Jun 77	Balance			-178	-1,310	1,132
Nigeria	May 77	Exports	17.1	24.5	1,965	1,570	25.2%
	Dec 76	Imports	73.5	8.4	NA	NA	NA
	Dec 76	Balance			NA	NA	NA
Taiwan	Jul 77	Exports	207.0	22.1	5,078	4,458	13.9%
	Jul 77	Imports	92.6	16.8	4,441	3,924	13.2%
	Jul 77	Balance			637	534	103
Thailand	Apr 77	Exports	34.3	22.9	1,221	963	26.8%
	Mar 77	Imports	30.1	22.7	940	766	22.7%
	Mar 77	Balance			-22	-39	17

<sup>1</sup> At annual rates.

Approved For Release 2002/02/01 : CIA-RDP79B00457A000300020001-8

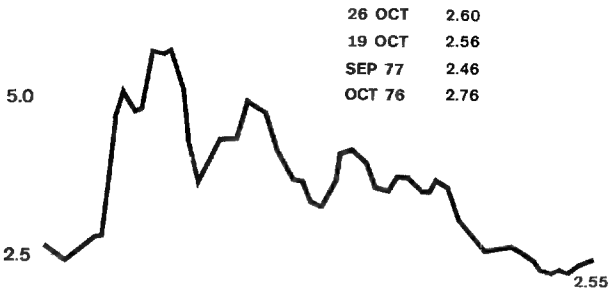
# AGRICULTURAL PRICES MONTHLY AVERAGE CASH PRICE

## WHEAT

\$ PER BUSHEL

7.5

Kansas City No. 2 Hard Winter



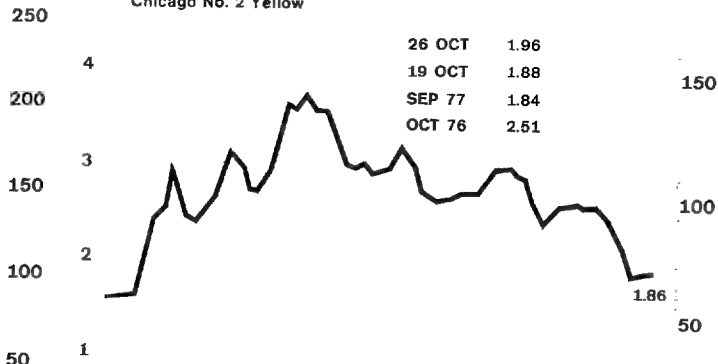
\$ PER METRIC TON

## CORN

\$ PER BUSHEL

5

Chicago No. 2 Yellow



\$ PER METRIC TON

0 1973 1974 1975 1976 1977 1-26 OCT

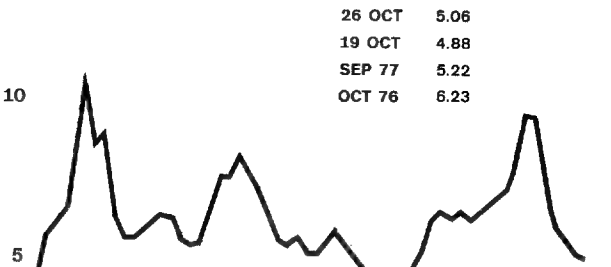
0 1973 1974 1975 1976 1977 1-26 OCT

## SOYBEANS

\$ PER BUSHEL

15

Chicago No. 1 Yellow



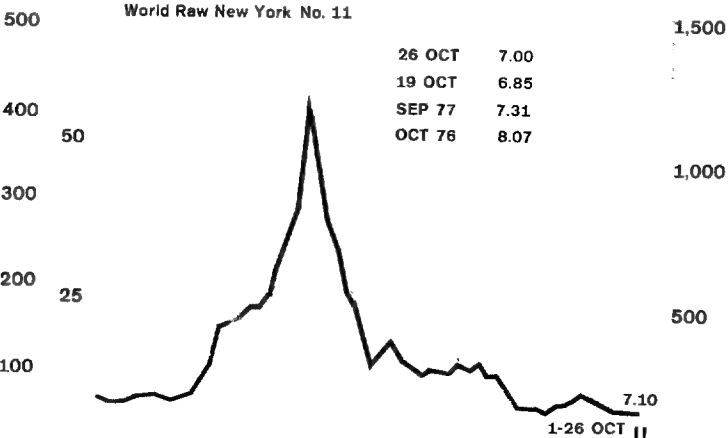
\$ PER METRIC TON

## SUGAR

¢ PER POUND

75

World Raw New York No. 11



\$ PER METRIC TON

0 1973 1974 1975 1976 1977 1-26 OCT

0 1973 1974 1975 1976 1977 1-26 OCT

## COTTON

\$ PER POUND

1.0

Memphis Middling 1 1/16"



\$ PER METRIC TON

## COFFEE/TEA

¢ PER POUND

400

TEA

London Auction

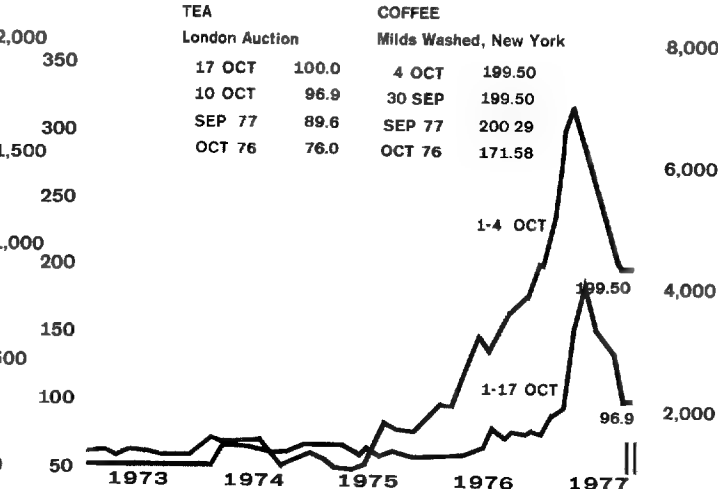
17 OCT	100.0
10 OCT	96.9
SEP 77	89.6
OCT 76	76.0

COFFEE

Milds Washed, New York

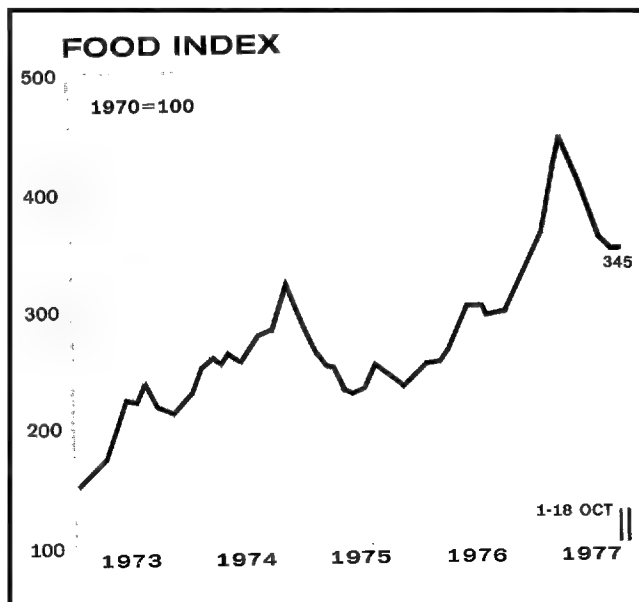
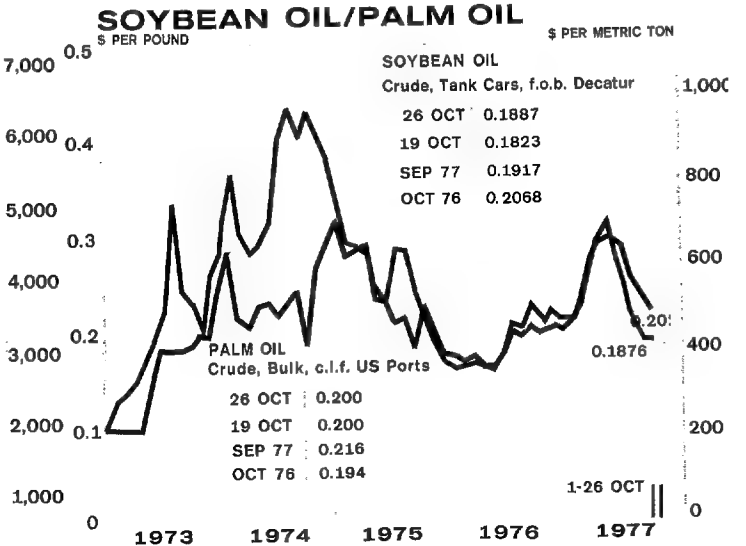
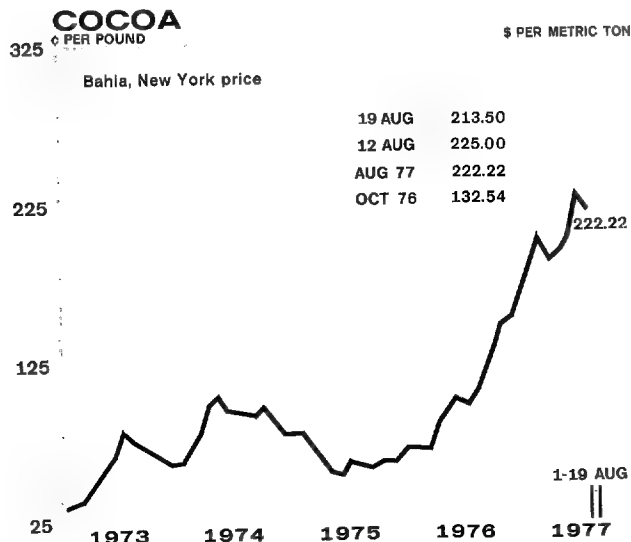
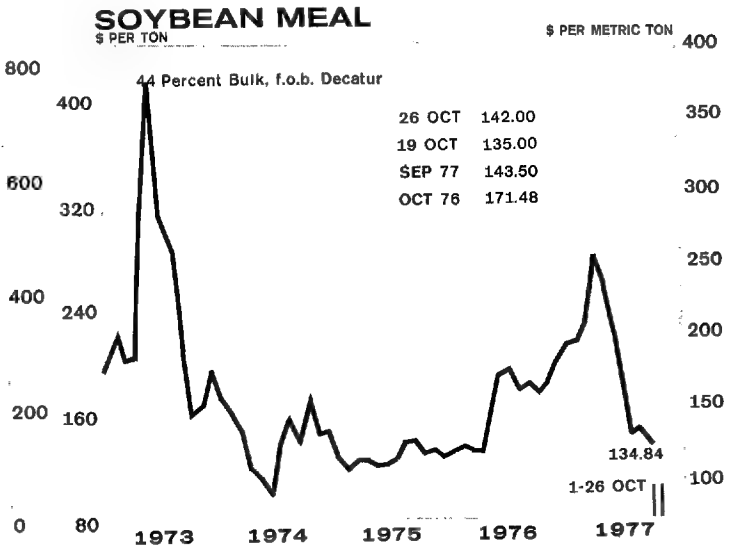
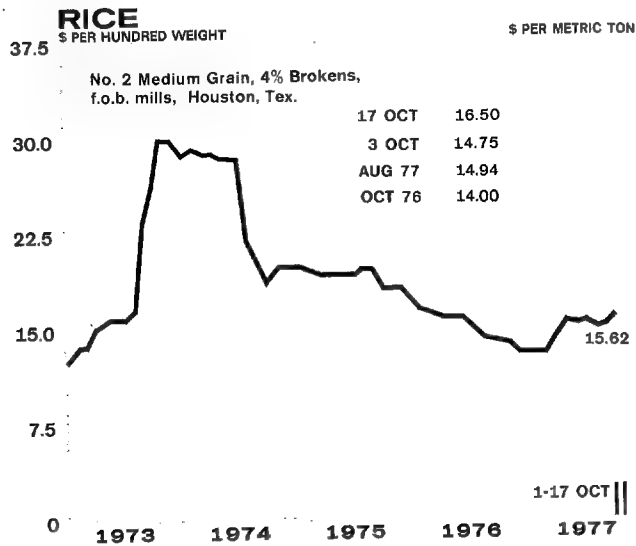
4 OCT	199.50
30 SEP	199.50
SEP 77	200.29
OCT 76	171.58

\$ PER METRIC TON



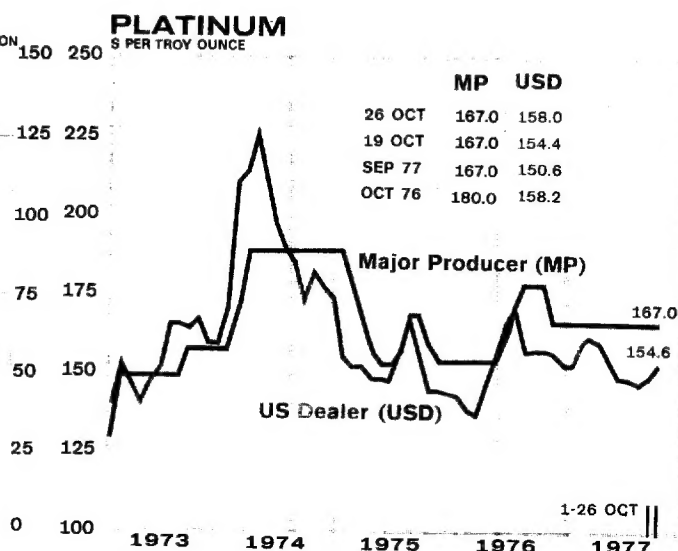
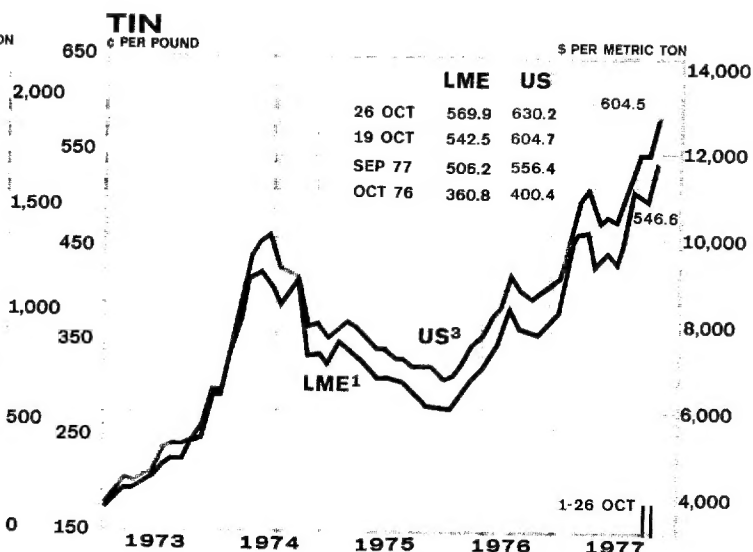
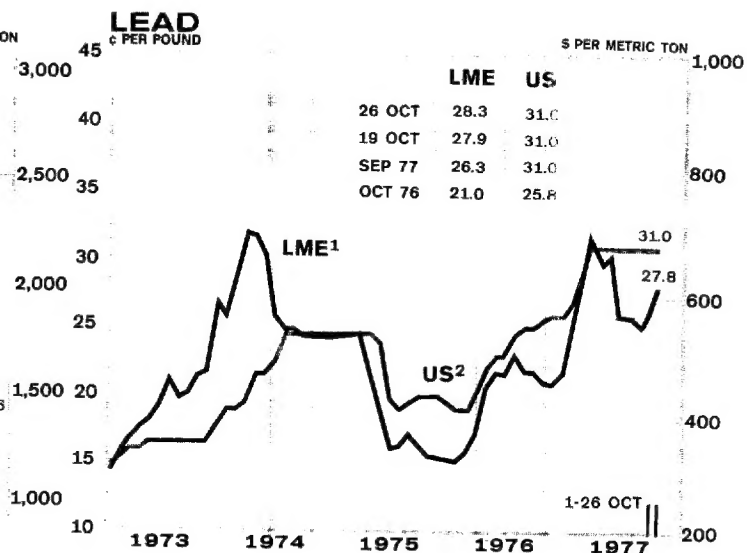
0 1973 1974 1975 1976 1977 1-26 OCT

0 1973 1974 1975 1976 1977 1-26 OCT



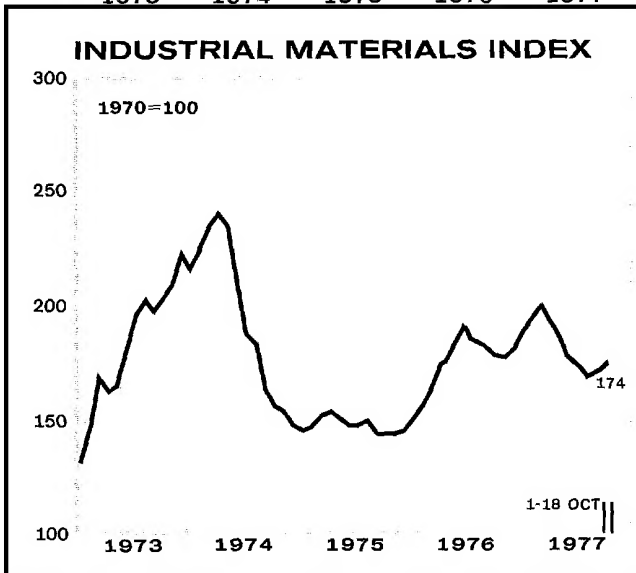
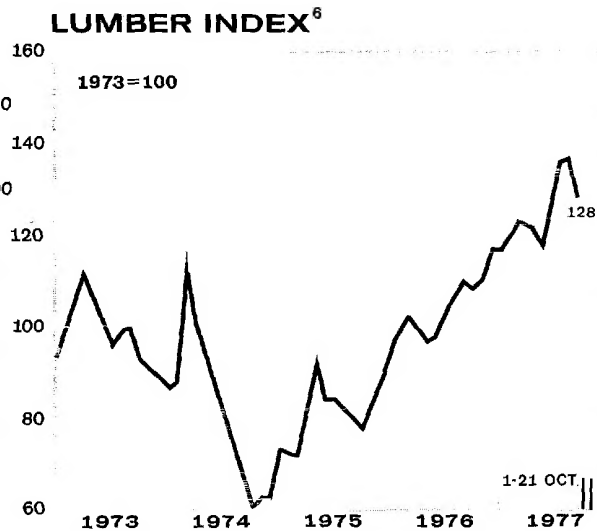
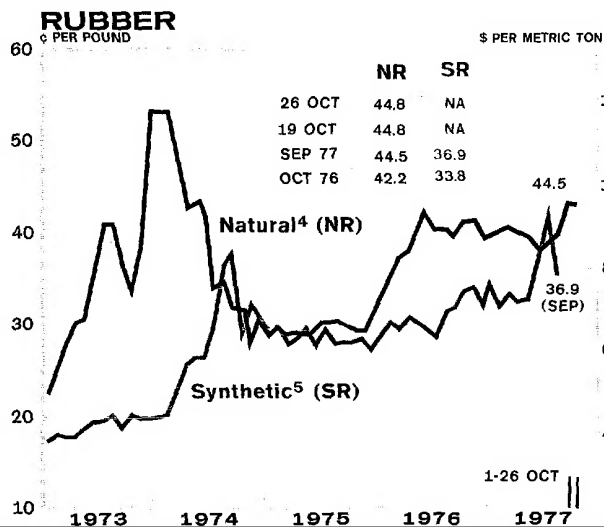
NOTE: The food index is compiled by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

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## SELECTED MATERIALS

			CURRENT	APR 77	OCT 76	OCT 75
ALUMINUM	Major US Producer	¢ per pound	53.00	51.00	48.00	41.00
US STEEL	Composite	\$ per long ton	359.36	339.27	327.00	303.85
IRON ORE	Non-Bessemer Old Range	\$ per long ton	21.43	21.43	20.51	18.75
CHROME ORE	Russian, Metallurgical Grade	\$ per metric ton	150.00	150.00	150.00	150.00
CHROME ORE	S. Africa, Chemical Grade	\$ per long ton	58.50	58.50	42.00	44.50
FERROCHROME	US Producer, 66-70 Percent	¢ per pound	41.00	43.00	44.00	53.50
NICKEL	Composite US Producer	\$ per pound	2.16	2.35	2.41	2.20
MANGANESE ORE	48 Percent Mn	\$ per long ton	72.24	72.00	72.00	67.20
TUNGSTEN ORE	65 Percent WO <sub>3</sub>	\$ per short ton	10,112.96	10,628.47	7,640.84	5,101.29
MERCURY	NY	\$ per 76 pound flask	140.00	166.15	132.45	132.00
SILVER	LME Cash	¢ per troy ounce	481.92	479.23	421.55	433.80
GOLD	London Afternoon Fixing Price	\$ per troy ounce	160.68	149.17	116.12	142.76



<sup>1</sup>Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

<sup>2</sup>Producers' price, covers most primary metals sold in the US.

<sup>3</sup>As of 1 Dec 75, US tin price quoted is "Tin NY lb composite."

<sup>4</sup>Quoted on New York market.

<sup>5</sup>S-type styrene, US export price.

<sup>6</sup>This index is compiled by using the average of 13 types of lumber whose prices are regarded as "bell wethers" of US lumber construction costs.

<sup>7</sup>Composite price for Chicago, Philadelphia, and Pittsburgh.

NOTE: The industrial materials index is compiled by the Economist for 19 raw materials which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

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